

JPRS-UEA-90-028  
15 AUGUST 1990



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# ***JPRS Report***

## **Soviet Union**

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***Economic Affairs***

# Soviet Union Economic Affairs

JPBS-UEA-90-028

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15 AUGUST 1990

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## INVESTMENT, PRICES, BUDGET, FINANCE

### Kirichenko on Population's Negative Response to Price Reform

904A0504A Moscow *PRAVITELSTVENNYY VESTNIK*  
in Russian No 29, Jul 90 p 5

[Article by USSR State Statistical Committee Chairman  
V. Kirichenko: "People and Prices"]

**[Text]** In June-July of this year the USSR Goskomstat [State Committee for Statistics] conducted a survey of close to 30,000 citizens representing different population groups in all regions of the country. The topic of the survey was the attitude of the people toward change in prices on consumer goods and services under the conditions of the transition to controlled market relations. USSR Goskomstat Chairman V. Kirichenko comments on the results of the survey at the request of the editor's office.

The survey showed that most people oppose the proposed changes in state retail prices. When asked to generally assess the prospects for a transition to a situation where prices on most goods (services) will be determined by demand, only 10 percent of the respondents related positively to free-floating prices, 40 percent related negatively, and over 30 percent were ambiguous (partly positive, partly negative). A significant proportion of the respondents (17 percent) offered no opinion. A regional pattern is noticeable in the responses: Only 11 percent of the respondents in Estonia answered negatively, while in Azerbaijan, Turkmenia and Tajikstan the proportion of such responses was 44-57 percent, and in Uzbekistan it was 36 percent, which is less than the nationwide average.

What is responsible for such a generally negative reaction? I think it is primarily the people's dissatisfaction with their material status and their growing uncertainty about tomorrow, and their apprehension that transition to a market economy will worsen the material status of families. Such is the belief of seven out of every 10 respondents. This in turn is explained by the fact that we still have a broad stratum of people who are poorly protected in social respects. According to calculations of the USSR Goskomstat the number of people with an income below the subsistence minimum determined on the basis of prices of state and cooperative trade (81 rubles per month in 1989) was 41 million. Income below the subsistence minimum, calculated with regard for prices in the kolkhoz market, was received by 52 million persons in 1988, and by 50.5 million in 1989.

The overwhelming majority of the poor are in large families. While in 1980 large families represented 46 percent of this entire group, in 1989 they represented 63 percent. A significant fraction of the low-income population is also made up of retired persons. A low standard of living is also typical of a sizable fraction of young families: The proportion of the poor in this group is 1.5 times greater than the country average. Low income

groups dominate in Central Asia, Kazakhstan and Azerbaijan: Around 60 percent of the country's population with a monthly income of up to 75 rubles per person live there.

It may also be surmised that delays in implementing price reforms are a cause of the especially sharp negative reaction of the public to the proposal to increase state retail prices. The reform should have been carried out several years ago, in an economic and social situation that was more favorable than today, in a more tranquil society.

And so, the overall reaction is contradictory, and generally negative. At the same time we do need to analyze this matter more deeply. When we look more specifically at attitudes toward prices, we find that many people do not reject price increases outright. But only under certain conditions, of course. Thus, over half of the respondents feel it necessary to change retail prices on some foodstuffs. When asked whether they would agree to pay higher prices on foodstuffs if they were to be permanently available in a wider assortment and at higher quality, only 31 percent responded negatively, while six out of every 10 respondents expressed agreement. Of course, most of them made one more stipulation—that moderation be observed in price increases. Seven out of every 10 respondents in a number of republics (Uzbekistan, Estonia, Latvia) do not object to a moderate rise in prices.

The price of bread is a special issue. A significant number of respondents, but not the majority, favored maintaining low stable prices on bread—40 percent in the Soviet Union, and 36 percent in the RSFSR. The reaction was similar in the Uzbek and Kazakh SSR. Most of the people who favored low stable prices on bread were in Tajikistan, Turkmenia, Kirghizia and Azerbaijan (56-60 percent).

Approximately a third of the respondents feel that retail prices on some nonfood goods and services must be changed, although 60 percent oppose this. It is evident that noticeably more people agree with changing prices on foodstuffs than on nonfood goods and services. The majority of respondents (53 percent) favor introduction of rationing in relation to a limited range of products and goods sold at low state prices.

Thus while being generally cautious in regard to the possibility for raising prices, a significant part of the population does not exclude the suitability of raising prices on a number of foodstuffs, goods and services, but only if the increases are moderate and if the consumer market would be saturated.

Information from some other sociological surveys permits the suggestion that to many people, moderation in price increases also means a gradual pace of reform. A one-time major increase in prices would be an excessive economic burden upon the family.

Many are also shocked by the "behind closed doors" method of planning such major changes in economic policy and in the economic mechanism, and the lack of alternatives in measures proposed in relation to prices. In order that the reform would not be rejected, there must be openness about the procedures by which decisions are developed and adopted, and the decisions should foresee different alternatives. This is especially important in relation to different ways of providing social protection to different population groups. Given the aroused state of public opinion, this lack of alternatives is probably perceived by the population as an attempt to chase it into a corner. This intensifies suspicion in relation to all actions of the authorities, which is already high as it is. It would be more preferable to offer a range of alternatives in pricing policy, to show their positive and negative sides, and to reveal the essence of measures for the population's social protection.

Finally, it should be emphasized once again that there exists an important economic phenomenon in the awareness of the people which can facilitate their understanding of the need for conducting a price setting reform. It is the need for improving the condition of the consumer market, for alleviating shortages, and for ensuring the availability of needed goods.

Examining the results of the survey, we need to consider that it reflects the most immediate reaction to statement of the price problem in the program for transition to a controlled market. The population has obviously been as yet unable to evaluate the social protection measures proposed by the government and the possibilities for raising the effectiveness of labor and, consequently, wages.

This is why deeper development of social protection measures, extensive explanation of their essence and their gradual implementation may significantly influence the public's assessment of price forming issues. Deeper thought must be given to economic methods as well, and not just to administrative methods, ones which would check the tendency of enterprises and entrepreneurs to raise prices, and which would stimulate acquisition of greater profit through growth of production, improvement of its quality and expansion of assortment. Such methods might include a special interim tax rate in relation to profit obtained by enterprises beyond a certain average profitability norm. It seems to me that not enough work has been done yet on the economic "brake system" in the area of price setting, as opposed to the administrative system, in this transitory period of the market's establishment.

The need for deepening economic reform with an eye on setting up a controlled all-union market is recognized in the society as a whole. But most people do not yet understand that a market will not come about in the presence of the structure and price ratios that have evolved in the country. These prices were formed in the conditions of the authoritarian administrative system of

control, when commodity and money relations manifested themselves only in formal terms, when the value-based proportions of exchange between individual units of the economy were violated, and when willful redistribution of financial resources and a complex system of subsidies and of individual economic standards dominated. One of the significant flaws of this system is violation of the economic interrelationship between wholesale and retail prices. This relationship is being restored through subsidies. They now total 96 billion rubles in relation to food for example, and their entire burden rests upon the state budget (they represent a fifth of its expenditures). We cannot recognize the existence of a market while simultaneously abstracting ourselves from imbalances in the price system. These are interdependent problems.

Without price reform using a controlled but market-based price forming mechanism, we will be unable to achieve the concept of self-financing of republics and individual regions, observe the principle of equivalent exchange between the city and countryside, or satisfy the requirement to constantly maintain a balance between monetary income and expenditure. Recovery of the economy and transition to a new economic structure in the country are associated with solution of price forming problems. Of course, different alternatives in relation to their essence and the deadlines and stages of their implementation and in relation to the means of tying measures in the price setting area in with the entire complex of actions and conditions for forming a controlled market economy should be examined in this case.

## Statute on Financial Securities Published

### Text of Statute

904A0494A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 29, Jul 90 p 14

[Apparent text of statute approved by USSR Council of Ministers: "Statute on Financial Securities"]

[Text]

### I. General Provisions

1. Securities are financial documents certifying the right of possession or consideration of a loan, defining the mutual relationship between the person issuing these documents and their owners, and as a rule foreseeing payment of income in the form of dividends or interest, as well as the possibility for transfer of the financial and other rights ensuing from these documents to other persons.

2. Securities include stocks, bonds, state treasury notes, savings certificates and promissory notes.

## II. Stocks

3. A stock is a security issued by joint-stock companies, enterprises, organizations, commercial banks, cooperatives and other enterprises and organizations, based on collective ownership or on management of state property on the basis of full cost accounting (hereinafter called enterprises); a stock does not have a preset maturity date, it certifies investment of assets for the purposes of the development of these enterprises (membership in a joint-stock company and participation in its administration), and it grants its owner the right to receive part of the profits of the enterprise in the form of a dividend.

4. The following categories of stocks are issued:

a) stocks of a labor collective.

The right to issue these stocks is possessed by state enterprises and associations, leasing and collective enterprises, cooperatives, and enterprises belonging to public organizations or cooperatives.

Stocks of a labor collective are distributed only among the workers of their enterprise, and they cannot be transferred to citizens who are not members of the given labor collective;

b) stocks of enterprises.

These stocks are issued by enterprises and associations indicated in subclause "a" of this clause, as well as by cooperative unions, commercial banks, business unions and associations [tovarishchestvo], and business associations [assotsiatsiya].

The stocks of enterprises are distributed among other enterprises and organizations, voluntary societies, banks and cooperatives;

c) the stocks of joint-stock companies are distributed through open subscription to them, or all stocks are distributed among the founders.

A joint-stock company may issue preferred shares which provide stockholders the option to receive dividends and to participate on priority in the distribution of the joint-stock's property in the event of its liquidation.

5. Stocks may be issued both as personal shares and as ordinary shares. In this case the stocks of a labor collective are issued only as personal shares. The sale and other alienation of personal shares is subject to mandatory registration as established by law.

Citizens are entitled to possess only personal shares.

6. A stock is indivisible. In cases where the same stock (except for stocks of a labor collective) belongs to several persons, they are all recognized to be a single stockholder, and they may exercise their rights through one of them or through a common proxy.

7. A stock must contain the following particulars: the company name of the enterprise (organization) issuing

the stock and its location, the name of the security—"Stock", its serial number and date of issue, the category of the stock, its face value, the name of the bearer (for a personal share), the amount of the charter fund and the number of stocks issued (for a joint-stock company, on the day of issue of the stocks); the term of payment of dividends; the signature of the director of the enterprise or organization (chairman of the board of the joint-stock company) or of another authorized person.

8. The stocks of a joint-stock company are issued in the amount of its charter fund or in the amount of the total value of property of a state enterprise (in the event of its conversion into a joint-stock company). Stocks of a labor collective and stocks of enterprises are issued in an amount determined by the enterprise and its labor collective.

A joint-stock company may issue additional stocks in the event that all previously issued stocks are paid off in full at not below face value.

Issue of stocks to cover losses associated with the business activities of enterprises is prohibited.

9. Stocks of a labor collective and stocks of joint-stock companies are acquired by citizens with their personal assets.

Enterprises, organizations and institutions acquire the stocks of enterprises and the stocks of joint-stock companies after paying legally established taxes and other payments into the budget with assets received by their labor collectives.

Stocks are paid for in rubles, and in cases foreseen by the charter of the joint-stock company, in foreign currency or by the transfer of other property as well. Irrespective of the form of payment, the value of stocks is expressed in rubles.

Stocks may be transferred by their bearers only after their value is paid off in full.

10. Enterprises issuing stocks of a labor collective may buy them out from their employees; total received assets would be decreased correspondingly.

The question of retention of stocks of a labor collective by employees in the event of their dismissal is resolved by the labor collective of the enterprise.

11. Dividends are paid on stocks of a labor collective out of assets allocated for consumption, while dividends on stocks of enterprises are paid out of profit received by their labor collectives.

Dividends are paid on stocks of joint-stock companies on the basis of the year's results, with profit received by the joint-stock company, after part of this profit is allocated as necessary to the company's general needs.

Dividends are paid on preferred stocks in an amount not less than a preset fixed percent of their face value,

irrespective of the amount of profit received by the joint-stock company in the corresponding year. In the event that profit is insufficient, interest is paid on preferred stocks out of the reserve fund.

12. Stocks of a joint-stock company give their bearer the right to participate in this joint-stock company's management. Preferred stocks do not provide this right, unless foreseen otherwise by the charter.

Stocks of a labor collective and stocks of enterprises do not give their bearers the right to participate in the enterprise's management. Stocks of a labor collective and stocks of enterprises are a means of mobilizing additional financial resources, and they do not change the legal status and forms of ownership of the enterprises and organizations issuing stocks.

13. Stocks issued by enterprises and joint-stock companies are secured by all of their property.

When an enterprise or joint-stock company undergoes reorganization, all obligations pertaining to issued stocks are transferred to the legal successors.

### III. Bonds

14. A bond is a security certifying payment of money by its bearer and confirming the obligation to compensate him for the face value of this security on a maturity date prescribed by it, together with payment of a fixed rate (unless foreseen otherwise by the terms of issue). Bonds of all types may be distributed among enterprises and citizens only on a voluntary basis.

Bonds of the following types are issued:

- bonds covering internal state and local loans;
- bonds issued by enterprises.

Bonds may be issued payable both to designated parties and to the bearer, they may pay interest or be interest-free (specific-purpose), and they may be circulated freely or within a limited circle of bearers.

15. Bonds of all types are redeemed in rubles as a rule, and in cases foreseen by special terms of issue or by the charter of the joint-stock company, in foreign currency. Irrespective of the type of currency with which bonds are paid for, their value is expressed in rubles.

Enterprises acquire bonds of all types with assets received by their labor collectives, while citizens do so with their personal assets.

16. Assets obtained from making internal state and local loans are entered correspondingly into union, republic and local budgets, and into nonbudget funds of local soviets of people's deputies. Assets received from floating specific-purpose state loans are allocated to the purposes determined at the time of their issue.

Internal state and local bonds are issued payable to the bearer.

17. Internal state and local bonds are distributed by banking institutions. Bonds covering specific-purpose state loans are distributed by institutions of the USSR Savings Bank.

18. Income from interest-bearing internal state and local bonds is paid by redemption of coupons, or when the loans are paid off, by adding interest to the face value without paying annual dividends.

Income is not paid on bonds covering specific-purpose loans. The owner of such a bond is granted the right to acquire the corresponding goods or services in relation to which the loans were issued.

19. Internal state and local bonds subject to redemption are called in annually by the USSR Ministry of Finance, by the ministries of finances of union and autonomous republics and by local financial organs.

20. Enterprise bonds are issued by state enterprises and associations, by leasing and collective enterprises, joint-stock companies, public organizations, cooperatives, and enterprises belonging to public organizations and cooperatives.

The terms of issue and distribution of enterprise bonds are determined by legislation and by the charters of the enterprises.

21. Joint-stock companies may issue bonds totaling not more than 25 percent of their charter fund, and only after completely paying off all issued stocks.

Bonds may not be issued to form and supplement an enterprise's charter fund.

22. Enterprise bonds must bear the following particulars: the name of the enterprise (organization) and its location, the bond's face value, the bearer's name (in the case of personal bonds), the maturity date, the rate and time of payment (for interest-bearing bonds), and the signature of the director of the enterprise or organization (chairman of the board of a joint-stock company) or another authorized person.

Specific-purpose bonds mandatorily indicate the goods (services) on the basis of which they are issued.

23. Enterprise bonds do not give their owner the right to participate in management of these enterprises.

Interest is paid on enterprise bonds annually.

In the event that an enterprise fails to fulfill its obligation to pay interest and repay the debts indicated in the bond, or is late in doing so, these debts are recovered on the basis of a notarized order drawn up in accordance with the procedure established by the legislation of the union republic.

24. The USSR Council of Ministers, the councils of ministers of the union and autonomous republics and local soviets of people's deputies determine the special

terms and the procedures of issue and distribution of correspondingly internal state and local bonds and specific-purpose bonds.

25. The responsibility for paying off bonds and paying interest on them is borne by the state organs and enterprises (organizations) that issued the given bonds.

#### IV. State Treasury Notes

26. State treasury notes (hereinafter called treasury notes) are a form of voluntary public distribution of state securities certifying that their bearer has deposited money into the budget and granting the right to receive a fixed income throughout the entire time of possession of these securities.

27. Long-term treasury notes are issued by the state for a term of from 5 to 25 years, payable to the bearer.

The procedure for determining the selling price of long-term treasury notes is established by the USSR Ministry of Finance and the ministries of finances of union and autonomous republics, on the basis of the time of their acquisition.

28. Payment of income on treasury notes begins in the year following the year of their acquisition.

Income is paid on treasury notes annually on the basis of coupons, or upon payment of debt, by adding interest to the face value, without payment of annual dividends.

Treasury notes subject to redemption in accordance with the terms of their issue are called in annually by the USSR Ministry of Finance and by the ministries of finances of union autonomous republics.

29. Treasury notes that are called in are redeemed at their face value plus the amount of unpaid coupons from previous years, including the coupon for the year in which the note is subject to redemption. In the event that the bearer of a treasury note that is called in for repayment fails to present it for redemption, he retains the right to receive income on the coupons until the term of the note expires. When this term expires, treasury notes become void and are not subject to payment.

30. Moderate-term treasury notes are issued by the USSR Ministry of Finance for a term of from 1 to 5 years, and they do not come with coupons. Moderate-term treasury notes are issued in accordance with the same procedure as issue of long-term treasury notes.

31. Moderate-term treasury notes are paid annually when called in by the USSR Ministry of Finance and by the ministries of finances of union and autonomous republics.

Income is paid to bearers of moderate-term treasury notes by adding interest to face value, without annual dividends, at the time of their redemption, depending on the time from the moment of issue of the note to its repayment.

32. Short-term treasury notes are issued by the USSR Ministry of Finance and by the ministries of finances of union and autonomous republics for a term of 3, 6 and 12 months, payable to the bearer. These notes do not have coupons, and they are repaid by their redemption, including with payment of interest.

#### V. Savings Certificates

33. A savings certificate is written evidence of the deposit of money in a loan institution, granting the bearer the right to obtain interest on the deposit following a fixed period of time.

Savings certificates are issued by the USSR Gosbank and by other banks at a particular contracted interest rate, for a particular term or to be payable on demand.

34. Savings certificates are issued both as personal certificates and as payable to the bearer. Personal certificates are not subject to circulation, and their sale (alienation by other means) is invalid.

35. In the event that the bearer of a certificate demands the return of money deposited on the basis of a fixed-term certificate prior to the maturity date, he is paid a reduced amount of interest, the level of which is determined by contract when the deposit is made.

36. Bank certificates must bear the following particulars: the name of the security—"Certificate", the name of the loan institution issuing the certificate and its location, the serial number, date of issue, the amount of deposit, the maturity date (for fixed-term certificates), the name of the owner (for personal certificates) who made the deposit and who is the bearer of the certificate, and the signature of the bank director or another authorized person.

37. Enterprises and citizens acquire certificates on the basis of assets indicated in Clause 15 of this Statute for the purchase of securities.

38. Certificates of the USSR Savings Bank are intended for the deposit of the population's assets, they may be issued as personal certificates or payable to the bearer, they may be freely sold, and they may be accepted for payment by any institutions of this bank.

A personal certificate of the USSR Savings Bank may be exchanged for a certificate payable to the bearer if the owner so wishes.

39. In the event that a certificate of the USSR Savings Bank is presented for payment prior to the maturity date, the owner is paid the face value of the certificate plus interest at a lower rate for the actual number of total years the certificate was in possession.

#### VI. The Promissory Note

40. A promissory note is a security certifying the unconditional financial obligation of the drawer to pay a

certain sum of money to the owner of the note (the drawee) on the maturity date.

The following types of promissory notes are issued:

- 1) simple promissory note;
- 2) convertible promissory note.

41. A simple promissory note bears the following particulars:

- a) the name "promissory note", included in the text itself and expressed in the language in which the document is drawn up;
- b) the simple promise to pay a certain sum, with no stipulations;
- c) the maturity date;
- d) the location where payment is to be made;
- e) the name of the person to whom or by order of whom payment is to be made;
- f) the date and place of the note's drafting;
- g) the signature of the one issuing the document (the drawer).

42. A convertible promissory note must contain, besides the information foreseen in subclauses a and c-g of Clause 41 of this Statute:

- 1) the simple offer to pay a certain sum, with no stipulations;
- 2) the name of the one who must pay (the payer).

43. A document from which any one of the items indicated in clauses 41 and 42 respectively for simple and convertible promissory notes is absent does not have the force of a simple or convertible promissory note, except in the following cases:

- a promissory note without an indicated maturity date is interpreted as being subject to payment on demand;
- in the absence of special instructions, the place indicated beside the name of the payer (for a simple promissory note, the place where the document was drafted), is said to be the place of payment, and at the same time the place of residence of the payer (for a simple promissory note, the drawer);
- a promissory note in which the place of its drafting is not indicated is recognized to have been signed in the place designated beside the name of the drawer.

44. The procedure for issuing and circulating promissory notes is regulated by the Statute on the Convertible and the Simple Promissory Note, approved by Decree No 104/1341 of the USSR Central Executive Committee and Council of People's Commissars, 7 August 1937.

## VII. Registration, Circulation and Control of Securities

45. Securities are registered, their issue is accounted for and their movement is monitored by the USSR Ministry of Finance, by the ministries of finances of union and autonomous republics, and by local financial organs.

46. Issue of securities is registered by financial organs in accordance with the Statute on Joint-Stock Companies and Companies With Limited Responsibility (for securities of joint-stock companies and companies with limited responsibility) and other legislation.

Stocks and bonds issued by commercial banks are registered by the USSR Ministry of Finance.

The rules of registering issue of stocks and bonds are established by the USSR Ministry of Finance.

47. The issue of state treasury notes, specific-purpose state bonds and internal state bonds is registered correspondingly by the USSR Ministry of Finance and the ministries of finances of union and autonomous republics, while issue of local bonds is registered by local financial organs.

48. Certificates are registered and their issue is monitored by loan institutions issuing these certificates, in accordance with the procedure established by the USSR Gosbank.

Promissory notes are circulated under the overall supervision of the USSR Gosbank.

49. Securities foreseen by this Statute (except for specific-purpose state bonds) are sold by their owners directly or by banks.

50. Enterprises, joint-stock companies and other organizations exercising the right to issue securities are obligated to communicate information to corresponding financial organs on registration and circulation of securities they issue.

Local financial organs communicate information on the total registered and stored securities, broken down into types, to the ministries of finances of union republics. The ministries of finances of union republics submit summaries to the USSR Ministry of Finance for centralized accounting purposes.

51. The USSR Ministry of Finance submits the necessary accounting data on circulation of securities to the USSR State Statistical Committee.

### Finance Official Comments

904A0494B Moscow *EKONOMIKA I ZHIZN*  
in Russian No 29, Jul 90 p 15

[Interview with Ilya Petrovich Kitaygorodskiy, chief of the USSR Ministry of Finance Loan Division, by P. Ushanov: "Stocks, Promissory Notes, Bonds..."]

[Ushanov] Ilya Petrovich, the USSR Council of Ministers adopted the decree "On Issue of Securities by Enterprises and Organizations" quite recently—in November 1988. Just a year and a half later the USSR Council of Ministers approves the Statute on Securities. With what is the need for this document associated?

[Kitaygorodskiy] Let's recall the kind of dynamic times in which we are living, and how quickly everything is changing!

The first document only legalized the practice, but it was adopted before there was either a Law on Ownership in the USSR or a Statute on Joint-Stock Companies and Companies With Limited Responsibility. In many ways it was legalization of the joint-stock form of ownership that brought about the advent of the Statute on Securities.

Of course, issue of a number of other securities besides stocks is foreseen. Long-term treasury notes have already been issued. There will also be short-term and moderate-term ones. Enterprises have been granted the right to issue a wide range of securities. Local soviets may also issue securities.

Thus rather diverse possibilities for redistributing assets—for transferring money between each other and the state, possibilities for extensive development of reciprocal loans based on promissory notes, and so on are becoming available to enterprises and to the population. All of this is a real step forward toward forming a financial market.

[Ushanov] When the discussion turns to loans, readers of the senior generation probably recall the bonds which people were obliged to acquire for close to 30 years.

[Kitaygorodskiy] Yes, from 1929 to 1957 we did issue those regrettable "subscription" loans, which the state has yet to completely repay to the people. But issue of freely circulating loans also began in our country back in the 1920s. They are still being issued even now, in the form of the 3-percent internal loan of 1982. However, circulation of securities will now be organized on a fundamentally new basis. There can even be no discussion of any kind of subscription! All securities will be distributed on an absolutely voluntary basis.

[Ushanov] What is the reason for the diversity of securities foreseen in the decree?

[Kitaygorodskiy] This is something the financial market requires, you see. For example one person might be willing to take a risk, and so it would be better for him to buy stocks in the hope of receiving higher interest on them. On the other hand another person might wish to avoid risk, and he would invest his money in treasury notes, in order to obtain a guaranteed 5 percent per annum. Someone else would want the opportunity to be able to get his money back at any time. In this case it would be preferable to keep it in Savings Bank certificates.

But enterprises should also have a choice, after all! Some are ready to commit money for a long period of time, and so they prefer to purchase stocks and bonds from joint-stock companies. Others are apprehensive about participating in long-term investment programs, but they can commit money for a short period of time by purchasing bank certificates. Still others are compelled to offer commercial loans on the basis of promissory notes in order to be able to successfully sell their products, and so on. It may be that we have not yet foreseen everything—the possibility is not excluded that in the future the financial market will require development of some other forms, some new securities.

[Ushanov] But will laborers—not all of them are financiers and businessmen, after all!—be able to make sense of all of the different kinds of securities? How, for example, do internal bonds differ from treasury notes?

[Kitaygorodskiy] I think that special knowledge will not be needed to make sense of securities. As far as treasury notes are concerned for example, they are sold only to the public through the Savings Bank, and their face value is from 50 rubles to a thousand. Then there are 5-percent state internal bonds, which are issued at a face value from 10,000 rubles to a million. These bonds are sold only to enterprises, and only through specialized and commercial banks. From an economic aspect there doesn't seem to be any fundamental differences between these two types of securities. Nonetheless two types had to be issued, considering that a difference exists in our country between cash and clearing circulation of money.

In the West, such a difference does not exist, and the matter is resolved simply: If it is more convenient for you to settle accounts with cash, use cash, and if not, use a clearing form of accounts. Of course, clearing accounts are what are used predominantly there—they are more convenient for everyone. In our country as well, apparently, the difference between cash money and clearing accounts will disappear with the advent of a market economy, and state securities will begin to circulate between the public and enterprises on the same basis.

[Ushanov] Does this pertain to stocks as well?

[Kitaygorodskiy] Yes, some time in the future both the public and enterprises will be able to acquire the same stocks, payable to the bearer, which will be quoted at a stock exchange—that is, they will be sold and bought freely on the basis of an exchange rate determined by the supply of stocks and the demand for them. The personal stocks that are currently available to the public cannot be sold and bought at a stock exchange.

[Ushanov] Does this mean that the stocks of labor collectives and enterprises that are already in circulation will have to be replaced by the securities of joint-stock companies?

[Kitaygorodskiy] Let's not be in a hurry! We needn't create a situation where enterprises will have to "call

back" previously issued stocks and issue new securities. The decree reinforces the system already in place.

I must admit that we were strongly criticized by both scientists and specialists. "The stocks of labor collectives and enterprises," they assured us, "are not stocks in the strict sense of the word!" That's true. But what are we to do when the people themselves gave the name "stocks" to the securities of labor collectives and enterprises? Should we give them a new name? Should we call them, as our opponents propose, "certificates of investment of money"? But this name never did catch on. Even workers, it seems, are happier receiving a document with the big strong name "Stocks." This is why we decided to retain the name "stocks of a labor collective" for the moment. Let this term be a little "unscientific," but there's nothing terrible in that. All the more so because we have already printed around 60 million of such forms, and it would hardly be practical to destroy them.

As with the stocks of labor collectives, the stocks of enterprises, introduced in 1988, are also named not quite correctly. In reality these are a classical form of bonds. But in their external appearance and format they are more reminiscent of the stocks of joint-stock companies (without a maturity date and without a fixed interest rate). What are we to do with them? Convert them to real stocks, perhaps? That could be done, if the enterprise is converted into a joint-stock company at the initiative of the labor collective. And the Statute on Securities foresees that enterprises may continue to issue "enterprise stocks" if they do not possess a maturity date and a fixed rate of interest, as well as bonds, on which their maturity date and a fixed interest rate are indicated.

[Ushanov] In other words enterprise stocks issued prior to adoption of the Statute on Securities may be quoted at the stock exchange?

[Kitaygorodskiy] They may! But gradually, as state enterprises are transformed into joint-stock companies, these securities will apparently be replaced by "real" stocks.

I need to say something to economists who have reached a wrong understanding of the essence of the stocks of joint-stock companies, and feel that part of the property of an enterprise may be placed into private ownership by its workers and staff by way of stocks. This is a deeply mistaken point of view! The stock form of ownership is an independent type of collective ownership. This is stated directly in the USSR Law on Ownership in the USSR.

Acquisition of stocks by private citizens who work in a given joint-stock company or do not work there does not make them private owners. A joint-stock company is managed by way of a stockholders' meeting. Every individual stockholder may only sell his stock—he has no right at all to any part of the property of the joint-stock company corresponding to the proportion of

assets he has invested. We must not confuse the right of management with the right of private property ownership.

[Ushanov] The Statute on Securities states that savings certificates are issued by the USSR Gosbank and other banks. What is implied? Can commercial banks issue their own certificates?

[Kitaygorodskiy] Two types of certificates are foreseen—one for enterprises, and the other for the public. The Savings Bank issues certificates only for public distribution. Specialized and commercial banks are getting the right to issue certificates for enterprises.

[Ushanov] And what can be said about promissory notes? One would think that this concept has been long forgotten in our economy....

[Kitaygorodskiy] Quite the contrary! Of course, circulation of promissory notes, which was widespread during the time of the NEP, was practically reduced to naught in connection with repeal of commercial credit and its replacement by direct bank credit in the 1930s. But promissory notes have survived legally, and moreover, they have always been used in foreign trade. The Statute on the Convertible and the Simple Promissory Note, approved back in 1937 by a decree of the Central Executive Committee and the Council of People's Commissars, is still effective today. This old statute is now being modernized, and it is beginning to function in new conditions.

However, it should be kept in mind that circulation of promissory notes is effective in the presence of an abundance of goods. Only under these conditions is a merchant able to seek out a customer and create the most favorable terms for him. No money right now? That's all right, the merchant says, he is willing to defer payment! Can you pay in two months? No? Then pay in three. In half a year? All right, let's settle on that. And such deferment—so convenient to the customer!—is then documented by a promissory note.

Of course, when shortages are commonplace you can't expect a supplier to ship goods to someone on the basis of installments (in a time when an entire army of customers is knocking on his door). However, as the market establishes itself and our economy becomes more dynamic, enterprises manufacturing a particular product will find it necessary to offer commercial credit. Then the promissory note will assume its worthy place. How soon this time will come is difficult to say at the moment. We would want it to come sooner, of course.

[Ushanov] Tell me, Ilya Petrovich, where can forms for securities be acquired?

[Kitaygorodskiy] They are already for sale at the USSR Gosbank. I am referring to stocks. One need only state the name of the enterprise or joint-stock company, give a few other particulars, affix a seal and a signature, and the blank form becomes a security. With time, large

joint-stock companies will apparently begin ordering forms printed specially for them—by the printing office of the State Administration of Bank Notes, Coins and Medals, or someone else. From all appearances joint-stock companies will prefer namely this route, since there is an element of advertising, a promise of success in the future, in a security printed in different colors. But every stock must satisfy certain particulars (it must bear a serial number, it must be designed with forgery protection, and so on). Otherwise it will not be recognized as a security. The list of mandatory particulars is presented in the statute.

[Ushanov] Let's assume that we have the forms. What next? Do the stocks have to be transferred to some commercial bank for sale?

[Kitaygorodskiy] Not at all. Stocks must first be transferred to the founders of the joint-stock company. Let me recall that in our country the minimum capital of a joint-stock company is set at a sum of 500,000 rubles. This means that the founders must subscribe to such a sum and receive their securities, after which they may put the remaining stocks on the market by way of a commercial bank.

[Ushanov] The Statute on Securities regulates only their issue and legal status. Will it be possible to resell stocks and other securities as soon as resale is organized?

[Kitaygorodskiy] To be brief, let me communicate to readers of EKONOMIKA I ZHIZN that a bill on the stock exchange is presently being drafted. Efforts to organize a securities exchange has already begun. The USSR Ministry of Finances and the USSR Gosbank are taking part in this work. Enterprises, organizations and commercial banks may participate as stockholders in this effort. I feel that the sale of stocks to the public at the exchange is possible. This is a widespread practice in the world.

Of course after the exchange is organized we will once again have to review some articles of the Statute on Securities. Otherwise too large a quantity of our securities (personal stocks primarily) will not be able to be quoted at the stock exchange.

#### While This Edition Was in Press

The USSR Council of Ministers established certain guarantees to the owners of state specific-purpose bonds against possible price increases. If at the moment of their acquisition the price of certain goods exceeds the value of a bond, the owner will receive the goods at the price indicated on the bond, and if he receives goods of lower price, he will receive the difference between the value of the bond and the price of the goods. This pertains to all types of goods except passenger cars. In this case the USSR Savings Bank has been permitted, as of 15 July 1990, to freely sell bonds on state specific-purpose interest-free loans that have not been sold out in labor collectives.

The terms of USSR treasury notes distributed among the public are changing significantly. The term for which these notes are issued has been reduced from 16 to 8 years. This means that each year owners will receive income on two coupons at a time—that is, their income will increase from 5 to 10 percent per annum.

#### Need to Correct Price Distortions Emphasized

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[Interview with Doctor of Economic Sciences V.I. Shprygin, director of the scientific research institute on price formation, conducted by Yu. Rytov: "Dealing With Prices Under Pressure, But Without Panicking"]

[Text] Anxiety prevails in our consumer market. People are buying up everything that is left on store shelves. Cloth and shoelaces, pots and pencils, groats and (dried) grain, and, of course, salt and matches. To be sure, it is impossible to think about the coming reforms without trepidation. But is there any cause for panic? This is the question with which our interview with Doctor of Economic Sciences V.I. Shprygin, director of the NII [scientific research institute] on price formation, began.

[Shprygin] The tension in our consumer market was not something that arose either today or yesterday. It intensified over the course of the last few years. And now the shortage of goods has acquired a universal character. The source of this tension is clear: the gap between money and commodity supplies. Under conditions of accelerated inflation, this has led to people's attempts to get rid of their devalued rubles and exchange them for goods which, in a time of general shortages, can act as "hard" currency. At first this function was served by jewelry, automobiles, dachas, etc. Today the list of goods has grown. It includes not only durable goods, but also goods that are in demand from day to day: clothing, shoes, and haberdashery items. Specialists are calling such a process the substantiation of money.

Something similar can be seen on the market for means of production. Enterprises are buying (often at deliberately raised prices!) material resources which are not in particular demand. They buy them either "for reserves" or in order to subsequently trade them. As a result prices rise, and stockpiles of uninstalled equipment increase.

Of course, the substantiation of money is a result of the distorted processes at work in the economy itself, where much is topsy turvy. And therefore it is not the symptoms themselves that need to be treated. The causes must be removed. In other words, new economic regulators should be put into effect. These include new prices, which would promote the increased effectiveness of production.

I think that broad-based openness at all levels of the preparation of price reform could also significantly ease the tension—especially in the consumer market. This would assure people that there was no reason for panic.

Reviewing retail prices cannot infringe upon the interests of the majority of the population, particularly those of persons who are poorly provided for. Indeed, the premise here is quite simple: the majority of the means which the government will "recover" upon raising retail prices will go into the hands of the population itself in the form of various types of compensation. Unfortunately, the mass media has taken a highly negative position towards the very idea of reviewing prices. It has called such an "undertaking" unnecessary and harmful.

[Rytov] So it seems our price reforms are two or three years late...

[Shprygin] The reforms are not three years late, but at least 25 years late. I will remind you that even the "Kosygin" reforms of 1965 recommended a thorough review of the existing structure of prices. Even then it was clear that without the development of commodity-price relations and without a full and uncompromising recognition of the law of cost it is impossible to improve the economy. Alas! All that remains of this plan for reform is, so to speak, the bare bones. The price reform did not take place at all—instead there was a review of wholesale and purchase prices, which was carried out at another time and using a different methodological basis. What was the result? The interdependence among types of prices—purchase, retail, and wholesale—was disrupted even further. "Profitable" and "unprofitable" prices appeared in each of these subgroups. They were either advantageous for producers and disadvantageous for consumers or vice versa. The distortion of prices in turn distorted economic processes. Goods that were of no use to anyone (and therefore profitable for the manufacturer) appeared. The production of essential (but "unprofitable") manufactured items was curtailed... And the results of labor became non-comparable to its costs: the "play" of prices decided everything.

And now an unusually difficult task stands before us: we must not only remove the numerous price distortions which have accumulated over decades, but also create a new mechanism to regulate prices which corresponds to a market type economy.

[Rytov] It would seem that today we need to discuss not only a reform of prices, but also a reform of price formation.

[Shprygin] We should address both at once. Incidentally, even three years ago, we would have hardly succeeded in carrying out an all-round reform of price formation. We could only have introduced local changes. The necessary conditions were not in place. Indeed, the draft that has just been devised is based on new forms of ownership and its many variants. And the main reason for this is that the owners of the means of production themselves determine prices, and the market regulates them. Therefore on the first level of market relations three fundamental groups of prices should operate: state prices, contract prices, and market free prices. As the market develops the third group will expand in proportion to the

others, and the first group will contract. However, the state will maintain its regulating role in any case. It is just that instead of administrative methods, economic methods will be in place: subsidies and tax privileges for enterprises, as well as compensatory payments to the population.

[Rytov] As is known, during its transition to a market economy, Poland fully renounced the use of state-regulated prices. Now the whole world is animatedly reporting on the Polish "shock therapy." In the view of many Soviet economists, such a path is entirely inappropriate for our country. What is your opinion on this?

[Shprygin] In some months of last year, prices for individual goods in Poland rose by more than 100 percent. Now inflation has decreased, having reached an acceptable level—around five percent. The market is saturated with goods. But this has all been at the expense of sharp restrictions in consumption. High prices have made many types of goods and manufactured articles inaccessible to the consumer. And a sharp drop in production in all branches of the economy has taken place. For example, while in 1980 the country produced 19.5 million tons of steel, last year it produced 14.6 million. Industry is not functioning at full capacity, and many enterprises face the threat of bankruptcy. The number of unemployed has approached 400 thousand...

It is easy to see that in our situation "shock therapy" would lead to even more serious after-effects. Super-monopolized production could establish and maintain prices at a remarkably high level. And who will count the number of unfortunate people we will end up with then? No, "shock therapy" is not for us.

[Rytov] What would happen here if we suddenly introduced free prices, as in the Polish model?

[Shprygin] Our estimates showed the following: the price of meat would jump as high as 18 rubles per kilogram, bread would rise to 3 rubles, butter—to 15 rubles, milk—to between 2 and 2.5 rubles, potatoes—to between 1.5 and 2 rubles per kilogram. This shows once again that the prices for basic products should be regulated until the market mechanism is in place. Goods should be released gradually onto the market.

[Rytov] Let us now look at precisely what kinds of changes each price component will undergo. Let us begin with purchase prices...

[Shprygin] The press has already reported that, in accordance with the USSR Council of Ministers resolution, purchase prices for grain from this year's harvest have already been raised more than 1.5 times. That includes an increase in the purchase price of flour by 1.6 to 1.8 times, of rice—by 1.6 times, and of buckwheat—by 1.3 times. What does this do? The value of grain increases in relation to the value of other products, and this creates

an interest in increasing its production. It is very important to maintain such monetary relations upon changing the purchase price on other foodstuffs: indeed, grain is the master of everything...

On the whole the government's idea for a transition to a regulated market economy provides for raising purchase prices by 85 billion rubles. However, that includes the sum that is now being paid to individual sovkhozes and kolkhozes in the form of differentiated price increments—33 billion rubles. It also includes a 13 billion ruble increment for growth in production. Thus, additional payments to agricultural producers come to 39 billion rubles. Estimates show that the new purchase prices are capable of stimulating the development of production and providing an equivalent exchange between agriculture and industry.

[Rytov] Let's go ahead to the next component—wholesale prices. What kinds of changes will they undergo?

[Shprygin] The premise here is to bring new wholesale prices for production by the extracting and manufacturing branches of industry in line with world norms with respect to their level and how they are coordinated. This did not work with purchase prices: the labor productivity in agriculture in our country is four times lower than, say, in the USA, and therefore outlays on a unit of production are much higher. Wholesale prices can be brought in line with average world prices, having differentiated among industrial branches. Here the gap is particularly great in extractive branches of industry. For example, on the internal market a metric ton of oil costs 30 rubles, and on the world market it costs more than 100 dollars. Therefore there are plans to raise wholesale prices on production of the energy-fuel complex more significantly—at an average of 82 percent. In absolute terms this is 74 billion rubles. Metallurgists will also receive a high increment—62.5 billion rubles (71 percent). Wholesale prices in the chemical-lumber complex will rise on an average of 64 percent (86 billion rubles). The food industry is another matter. We all have an interest in its immediate development. Therefore prices here will increase by almost two times (140 billion rubles).

In return, no great jump will take place in machine building: there will be an increase of only 25 percent (73 billion rubles). This is done with a future aim in mind: a conservation mechanism must finally be put into place. Relatively high prices for raw materials, energy, and metal should stimulate their careful use and prompt us to actively introduce new, rational processes. But extravagances must be paid for, causing a loss in profits and earnings. At the same time, relatively low prices for machines, machine tools, and equipment make them accessible to the consumer and hasten the modernization of production.

Today, even before the new wholesale prices have been approved, they have been passed on to all of the producers and consumers of goods. This will allow worker collectives to begin creating a production program for the coming year which takes into account the new market situation. In addition to prices, a new normative base will act as a point of orientation: new taxes and credit rates, new norms for amortization deductions, payments for labor and natural resources, and deductions for public insurance. It would seem that every collective will be able to evaluate the pluses and minuses of the new economic situation with a great deal of reliability. Some will win and some will lose. In all likelihood it will also become clear that some enterprises are unable to operate effectively. What should be done with them? It is probably impossible to give a general answer to this question: every concrete case must be carefully examined. Probably some enterprises will have to be granted tax privileges. Others will be given up to lease or transformed into cooperatives. And some enterprises will be liquidated entirely: society can no longer allow itself the luxury of maintaining unprofitable plants.

[Rytov] Let us return to prices. The most difficult and confusing hitch here is retail prices. Government leaders have already explained more than once the kinds of changes they will undergo and the kind of system of compensation with which the population will be provided in connection with these changes. Nevertheless, there are still many points here which are unclear, so it apparently makes sense to explain the essence of the problem once more.

[Shprygin] First of all I would like to remind you of one fundamental position. In order for the economy to function normally and effectively, the ruble must become a sound standard for labor. Every person should be reassured that a rise in his salary will create a real improvement in the quality of his life. And for this to occur, the prices of given goods or services should truly reflect their consumer value. But what is happening now? All over the place things that go for high prices have little value, and things that cost little are expensive to produce. The result is a devaluation of labor and a reduction in the stimuli for increasing production. Distorted prices do not allow a balance to form between effective demand and goods and services supplied. They cause an increase in the issue of money and a decrease in the purchasing power of the ruble. And this, in its turn, gives rise to a deficit, profiteering, social dissatisfaction, and passivity among workers.

In a word: the situation demands decisive, fundamental changes. The essence of reforming retail prices lies in overcoming their distortive influence on the processes of producing and distributing goods and in making expenditures and the results of labor into a real gauge. How can we arrive at this goal?

Under conditions of pure market relations, as is known, prices are automatically regulated according to demand

and supply. However, as we have already said, we cannot rush into "shock therapy" and immediately "unleash" all of the prices on the market. And therefore the government has chosen another path: a gradual, smooth transition to market price formation. Moreover, in the first stage of the reforms, retail prices will be brought into accord with real conditions of production and the sale of products, goods and services. Price levels for foodstuffs will rise on an average of 2.1 times. This includes 2.3 times for meat products, 2.5 times for fish products, 2 times for dairy products, 3 times for grain products, 1.8 times for sugar, and 1.7 times for vegetable oil.

[Rytov] Many readers are probably wondering why such a step is necessary when entering a market economy.

[Shprygin] In order to understand it, it is enough to analyze state subsidies on food products and the structure of their use by various population groups. Let us say that we know that the consumption of meat and meat products per person in our country amounts to about 67 kilograms a year. But we also know that this amount of meat is distributed among various groups within the population in a very inequitable manner. Thus, families with a per-person income of up to 50 rubles a month consume less than 20 kilograms. But a family with an income of more than a 150 rubles per head consumes 99 kilograms, or 4.5 times more. It would seem that government subsidies are also distributed in a highly inequitable manner. Sixty four rubles per year per person are allotted to families which are poorly provided for, but families with higher per-person incomes receive 337 rubles. One asks oneself, what kind of social justice can we speak of in this case?

And that is only one side of the coin. The other side, which is just as unattractive, is the fact that the distortion of price ratios in turn distorts the structure of both the production and consumption of goods. In such cases the creation of market relations will run up against insurmountable difficulties. Indeed, we are presupposing that in the final analysis all kinds of prices, including retail prices, will be determined by the market. And it is clear to everyone that they cannot be less than expenditures on the manufacture of goods and necessary profits. And therefore restoring a normal level of retail prices must even at the present state of the reforms be considered an essential step towards a market economy.

One must consider that the basis of the present system of retail prices and tariffs was already put in place in the 50's and the beginning of the 60's. In recent times fundamental quantitative and qualitative changes have taken place in the national economy, first and foremost in the distribution of labor and in bringing labor and salaries into accord throughout the various branches of industry and spheres of activity. In these years six large-scale reviews of purchase prices have taken place, and they have been raised by 4.6 times. Wholesale prices have been raised twice on an average of almost 2.5 times. At the same time, in the system of retail prices, after

having repeatedly raised them for durable goods, complex commercial technology, jewels, fur, and several others, a line has been drawn at foodstuffs to assure their stabilization.

Introducing new wholesale and purchase prices which would reflect the real cost of production, while maintaining the existing prices for foodstuffs as well as non-foodstuffs, would have the most dire consequences for the economy. State subsidies for agricultural goods would exceed 160 billion rubles. The ratio of purchase prices to retail prices for meat would reach 4.5:1, and the ratio for milk would be 3.5:1. The size of these subsidies would increase from year to year, swallowing up the main share of the growth of all of the state's financial resources and undermining the possibility of growth in our economy.

Critics of the government's idea for some reason lose sight of yet another very important factor. The population will be fully compensated for the rise in prices of non-foodstuffs. The only exceptions are wine-making items, beer, tobacco, and individual gourmet items. I think that the overwhelming majority of the population will not object to these exceptions. On the whole, with an increase in the price of production of 111.9 billion rubles, the population will receive compensatory payments of 108 billion rubles.

Raising prices for industrial goods is also sparking heated discussions. However, here as well, inexorable economic logic is at work. First of all, it is essential to guarantee a normal level of profitability for all kinds of production in order to stimulate growth in the release of goods onto the market. Again, we cannot forget about raising wholesale prices, which creates the necessity of making the corresponding adjustments throughout the entire price structure. And secondly, we must support the optimal relationship between the cost of food stuffs and industrial goods. Otherwise, it is also difficult to enter a market course.

Complex, multiple calculations have shown that the amount that retail prices for industrial goods are raised can fluctuate between 20 percent (fur articles) and 50 percent (building materials). And the total price increase amounts to 42.3 billion rubles. Of this, 26 billion will return to the population in the form of compensation. Another 13 billion will be used for subsidies in the production of textiles made of flax, wool, and natural silk in connection with high outlays for basic raw materials. Even in this case, social justice is being fully maintained. Only a small group of goods is not subject to compensation: jewelry items, other luxury items, and some types of complex commercial technology.

[Rytov] Naturally, not only the amount of compensation itself, but also the way it is distributed is of great importance to the population. How do you propose in the given case to guarantee social justice and protection for social classes which are poorly provided for?

[Shprygin] I would like to mention right away one highly fundamental point. The idea devised by the government does not simply provide compensation to the population because of simultaneous increases in retail prices. Such compensation is of course necessary, but it cannot solve all of the problems connected with the development of the market and with the free formation of prices for goods and services. Therefore a long term mechanism for indexing incomes is also being created.

But let us take one thing at a time. Compensation for the one-time rise in retail prices has already been discussed in detail at a session of the USSR Supreme Soviet, and also at press conferences by leaders in the government. Therefore, let us just recall some of the main positions. First of all, all layers of the population will receive differentiated compensatory payments. Second, the majority of it will go to those layers of the population which are poorly provided for: people on pensions, students, invalids, large families, and persons with small fixed incomes. Third, payments should be made to coincide with price increases. And the final, fourth point is that the size of compensatory payments, which is established on a union level, should be considered the minimum: they can be supplemented through payments from the funds of union and autonomous republics, as well as local soviets, enterprises, and organizations.

Let us recall the amounts of compensatory payments. Students and persons on pensions receive 35 rubles per month. Children receive between 30 and 39 rubles, depending on their age. Other dependants receive 20 rubles. Persons employed in the national economy receive an average of 15 percent of their wages, but no less than 40 rubles. It is suggested that the upper limit on payments to persons with high incomes be established separately.

Now a word about indexing incomes. It is clear to everyone that a gradual transition to free and market-regulated prices can cause them to grow significantly. That means that a special mechanism is needed for altering the population's incomes which would react to the present price increases for consumer goods and services. The basis for such a mechanism is an assortment of goods and services which go into the minimal consumer budget. This will determine the minimal level for the additional payments which have been established by the union government together with the AUCCTU [All-Union Central Council of Trade Unions]. The mechanism should work in such a way that a general increase in incomes should not exceed the growth index for consumer prices.

It is hardly necessary to prove that the measures intended by the government will be able to greatly ease social tension during the transition to a market economy.

[Ryтов] Judging from the idea that has been presented for the transition to a regulated market economy, it is clear that the government has firmly decided to eschew monetary reform. Why is this?

[Shprygin] It stands to reason that in order to weaken inflationary processes we must reduce the surplus money supply and bring the system of financial turnover in order. However, this does not mean that we must necessarily carry out monetary reform in this same way. Yes, it is tempting to withdraw, in one fell swoop, money from those who have earned it by dishonest means. But monetary reform will not have that effect: indeed, business deals in the shadow economy mostly involve reserves of valuable materials and foreign hard currency, not rubles. And carrying out such an act would involve huge expenditures. And the main thing about carrying out monetary reform is that it must be done over and over, since the main causes of the disorder in the circulation of money—low productivity, a market imbalance, and a shortage of goods—have not been removed. And the negative effects are obvious: a final loss of faith in the ruble.

Another approach to solving this problem must be used. In our view, the concept of "surplus money" cannot exist at all. Figuratively speaking, money should make money. In order for this to happen, everyone who has money should be provided the opportunity of becoming an undisguised entrepreneur and invest his money in the production of goods, thus saturating the market.

[Ryтов] Today in many regions of the country protective measures are being introduced to separate one's "own" goods from those of "outsiders." Passports, visiting cards, coupons, and simply rationing cards are being used. Instead of a single Union market we have a number of regional ones. But since these markets have varying amounts of goods, does the purchasing power of the ruble also vary from one good to another?

[Shprygin] Yes, today the purchasing power of the ruble and the dynamics of its change differ sharply from one territory of the country to another and from one type of good to another due to the different degrees to which markets are saturated with goods and the different volumes of money at the disposal of the consumer. In individual regions differentiation of the ruble's purchasing power amounts to 1:3 and even more!

Our figures have shown that if we take the purchasing power of the ruble on the non-foodstuffs consumer market in Moscow at the beginning of 1990 as an even 1.0, then the purchasing power in the Baltic republics would be 0.9, in Sverdlovsk and Krasnoyarsk it would be between 0.8 and 0.85, etc. In other words, the Moscow ruble alone equalled 1.1 Baltic ruble and 1.1 to 1.5 Sverdlovsk or Krasnoyarsk ruble. Moreover, the self-isolation of the Baltic republics from the all-union market has distorted the decrease in the purchasing power of the ruble on the Baltic consumer market, bringing it down to 0.8, and in individual cases to an even smaller size.

Thus, in the country today a different ruble has taken shape in Moscow, Leningrad, Khabarovsk, Krasnoyarsk, the Baltics, Ashkhabad, and other areas. And without a

doubt, it is essential to do everything possible to avoid symptoms of separatism in the economic policy of local bodies of Soviet power. Regional markets should be permitted to develop as open markets, allowing for the free flow of goods and capital from one territory to another.

[Rytov] What are the chief difficulties in carrying out a reform of price formation?

[Shprygin] Emotions. Today they are prevailing over reason. We must calmly think everything over, and the main thing is to overcome our psychological barriers. We must understand—and accept!—a simple truth, although it may at first seem paradoxical: not all low prices are a blessing. They can also often cause damage.

**Sale of Food Products (1988 Prices, at Percentage of 1985 Levels)**

	Sales by State and Cooperative Trade	Sales of Agricultural Goods by Contract Prices
Meat and Poultry	116.3	141.9
Sausage Goods	110.3	188.3
Fish	104.8	3.1 times
Animal Fat	49.8	3.4 times
Milk and Dairy Products	115.1	5.3 times
Flour and Grain For Human Consumption	96.7	142.3
Potatoes	102.6	175.1
Vegetables	103.7	166.7

**Subsidies for Agricultural Goods and Raw Materials (According to the Plan for 1990) in Billions of Rubles**

**Total of All Subsidies: 100.7 billion, including chiefly these goods:**

milk and dairy products	31.4
livestock and poultry	44.6
seed oil	1.6
potatoes	1.8
vegetables	3.1
sugar beets	2.3
fish	3.1
raw materials for light industry	6.6

**Increases in State Outlays Above Retail Prices for Some Food Products, in Percentage Points**

Rye and rye-wheat bread	14
Buckwheat	48
Beef	224
Lamb	225
Pork	101
Whole milk	97
Butter	170

**Size, Tasks of Proposed Tax Inspectorate Viewed**  
904A0444A Moscow *IZVESTIYA* in Russian 18 Jun 90  
p 2

[Article by M. Berger: "In the Area of Fiscal Policy"]

[Text] Once the tax law is passed, we will need a new service to ensure its efficient implementation: a tax inspectorate. The Supreme Soviet has passed the law on rights, duties and responsibilities of state tax inspectors.

It is hard to imagine a traffic cop to appear and begin directing traffic before the appearance of roads and cars. But it is hardly surprising that we have tax inspectors acting according to the cannon of the market economy long before the market itself has emerged: there is much that is unusual in our economy.

The formation of the tax inspectorate, an important market tool regulating relations between state and citizen, is a sign that despite all controversies and distortions, elements of a new goods and money economy are a reality understood by society.

A tax inspectorate in the form it has been devised is a radical innovation in our life. Since the day the last official levies of the New Economic Policy period were let go for redundancy (they used to get one of the highest wage rates in the government), many a generation has matured and grown old. That business had been so thoroughly forgotten that during economic reform it was not thought of immediately. Even for the purpose of academic research, the USSR Finance Ministry finance research institute set up a tax policy department only six months ago.

All this is easy to understand, because the amnesia is ideological in origin. We were clearly so sure that taxes were a purely bourgeois tool alien to our society that in the early 1960s a law was passed—but later shelved—suspending all taxes. It was, apparently, a way to prepare for the communism planned for the 1980s. To be honest, that document never came into force. It is not surprising: we can decree that sun rays, for example, do not fall onto our territory, but it is much harder to achieve it in practice.

The formation of the tax inspectorate is the consequence of the state no longer being the full and only owner of all profits created in society. An increasing share stays in the hands of enterprises and private individuals. This phenomenon should not cause panic or dismay—it is, in essence, the end goal of reform. In addition, new financial realities force state and individual to respect one another's interests. True, the tax inspectorate is mainly meant to serve the interests of the state treasury and fiscal policy, but according to Yu.Zemskov, director of the USSR Finance Ministry joint department of state revenues and taxes, the new inspectorate will also care for the taxpayer.

What will the new service look like? It is planned that the country's tax services will initially employ 65,000 people. Let us note one important point: 40,000 of them will be employees of existing finance entities. In the future, their number may increase. According to Finance Ministry projections, it should have some 100,000 employees.

Additional expenditures on salaries for tax inspectors (the draft assumes they will be paid an average of R365 a month—hardly a guarantee of their financial independence or probity) and to purchase necessary equipment will amount to R250 million. But finance experts are convinced that the outlays will be quickly returned, and soon greatly surpassed, by the funds the treasury will get as a result of the inspectorate's activity.

To be sure, we already have the institution of finance inspection. Among the 90,000 employees of the country's finance entities, 40,000 handle state revenue collection and taxation. Thanks to their efforts, the state gets over R1 billion of additional revenues each year. It is not a very impressive sum, but it should be noted that existing financial inspectors have a great many responsibilities not directly related to taxation. Practically all their efforts are directed at fulfilling the plan for budget revenues from various sources, such as tax on turnover and various payments by enterprises. As we shift to the tax principle of economic relations, we will need a new service exercising strict control over the implementation of tax policy.

According to Yu. Zemskov, existing legislation either limits the rights of the inspectorate or does not allow it to carry out its duties properly. What is being planned in this area? The tax inspectorate may be given several new powers. For instance, it may get the right to inspect absolutely all joint ventures (currently, finance entities have no such right); seize and inspect all financial documents (currently, a procuracy warrant is required) and contact banking entities to check the accuracy of data provided by the taxpayer (currently, only inspectors of the control and inspection administration are allowed to do so). Also proposed is the selective right to freeze bank accounts of violators; suspend patents or registration certificates of private entrepreneurs violating the tax code (currently this right is the prerogative of the local soviet ispolkom issuing the patent) and impose direct economic penalties and administrative fines on responsible individuals. Other measures in this directions are also being considered.

Much of what is proposed seems necessary, although some measures do appear excessive and even potentially leading to crimes (such as the ability to suspend the patent arbitrarily, in advance of the ispolkom decision). However, Yu. Zemskov assured us that the Finance Ministry (the tax service will be part of the Finance Ministry network) intends to wage an uncompromising fight for the purity of the ranks of its tax inspectors. To avoid the possibility of pressure being applied on it, the

tax inspectorate of the rayon, city, oblast or kray will not report to local authorities but only to its superior inspectorate.

Thus, the new service appears to be an awe-inspiring force endowed with broad powers. It may even seem that its powers are too broad. But in most countries the rights of tax inspections are enormous and penalties for tax evasion are stiffer than what our laws call for. In the U.S., for instance, one can wind up in jail and pay a penalty of up to \$500,000 at the same time. Let us also note that in most countries those who consider themselves honest citizens feel that it is a matter of honor to scrupulously pay their taxes.

Well, maybe in time we too will consider tax evasion (and disrespect for any other law as well) a matter much more serious than deviation from the party line.

## REGIONAL DEVELOPMENT

### First Private Enterprises Open in Uzbekistan

904A0473A Moscow *IZVESTIYA* in Russian 1 Jul 90  
Morning Edition p 2

[Article by Andrey Orlov, Tashkent: "Private Enterprises Opened"]

[Text] The first three private enterprises have opened in Uzbekistan.

"We will produce percussion instruments—work that is quite familiar to me," stated P. Azamatov, owner of the private firm "Madrakhim," who only one month earlier worked at the Tashkent Experimental Factory for National Musical Instruments. "We will supply our products in accordance with an 'Uzkulttorg' contract. The starting conditions are favorable: initially the tax will be 20 percent of the profit. Once we are standing on our own two feet, the withholdings will be increased to 45 percent."

Relatives will work for the firm. Domestic rates have been introduced that will be dependent upon the contribution made by each individual. The musicians can now select between the instruments of a private firm and those produced in large batches by a state factory.

"We could have more private enterprises engaged in the production of consumer goods and various services," I was informed by the Ministry of Local Industry for Uzbekistan, "but local authorities are resisting such operations. Many officials still shudder upon hearing the term 'private tradesman.'"

In order to give this new work a legal basis, workers attached to Minmestprom [Ministry of Local Industry] prepared a draft law on private enterprise in Uzbekistan. In conformity with USSR and Uzbekistan legislation,

this draft law sets forth the economic and social conditions for the organization and operation of small and private enterprises, including questions concerned with the hiring of workers, their wages and the protection required for such enterprises.

The draft law will be reviewed by the republic's Supreme Soviet.

#### Prices For Goods, Services Rise In Estonia

904A0473B Moscow RABOCHAYA TRIBUNA  
in Russian 10 Jul 90 p 4

[Article by S. Tarakanov, Tallinn: "From An Empty Pocket"]

[Text] The customer's basket of an average resident of Estonia is increasing in cost not by the day but by the hour. Readers of the republic newspapers and VECHERNIY TALLINN were startled upon approaching the kiosks of "Soyuzpechat" for the purpose of purchasing their favorite publication. Instead of the usual three kopecks per copy, they had to pay 10 kopecks.

"This development came about owing to economic factors," explained the director of the party publishing house, V. Chernyshev. "The increase in the prices for newspapers will make it possible to raise considerably the wages for printing house workers and thus reduce their mass departure from the printing branch, where the wages have not been reviewed for years. Just as in the past, permanent subscribers will receive their newspapers with no additional payments or recalculations being required. But only up until next year. It is difficult to say whether or not the new price will be stable. If the costs for the paper and printing and postal services are raised, then quite possibly the readers will have to pay more."

And the prices continue to rise. Commencing 1 August, in accordance with a decision handed down by the Tallinn gorispolkom [municipal executive committee], the charge for riding on autobuses, trams and trolleybuses will be increased from 5 to 10 kopecks. True, this measure does not apply to retired persons or students. Moreover, so-called commercial stores are being opened for business throughout the republic.

What can residents of Estonia expect from this development?

We will base our reply upon what is available at the present time at "Estobuvtorg." For example, the price for black Austrian boots is 120 rubles. In a commercial store, they will sell for 350 rubles. The price for Yugoslavian shoes will jump from 50 to 170 rubles. It can be said that a record increase will take place in the price for Italian winter boots—from 130 to 600 rubles.

In conformity with a governmental decree, 50 percent of the additional income realized from the sale of goods at commercial prices will be added to the republic's state

budget, 40 percent—to the local budgets and 10 percent—to the suppliers of the products. Questions arise almost immediately—will this miserly 10 percent stimulate the producers into producing those goods which are in short supply? What will remain for the rank and file consumer?

The continuing increases in prices for goods and services throughout the republic represents the first step taken towards a market economy, as a result of which the hollow budgetary pocket is being filled from the empty purse of people who are not rich. In the meantime, some discussions are underway in the republic concerning material compensation mainly for the needy.

#### UzSSR Imposes Restrictions on Exports to KaSSR

904D0122A Moscow TRUD in Russian 15 May 90 p 1

[Article by TASS correspondent G. Groyser: "When Friends Can't Agree: An Undeclared 'Trade War' Is Going on Between Two Republics"]

[Text] From pianos to buttons, from radishes to apple juice—such is the list of goods on which an export ban was imposed three weeks ago by a decree of the Uzbek SSR Council of Ministers. Striped barricades on all roads block the path of vehicles bearing "foreign" license plates.

Respectful inspectors of the State Motor Vehicle Inspection ask drivers to show them their first aid kits, emergency parking signs and, at the same time, the contents of their trunks. Everything prohibited is immediately confiscated and surrendered to the nearest store by associates of the Department for Combating Embezzlement of Socialist Property and Speculation. The situation is even tenser at airports and at rail and bus terminals. Confused, residents of neighboring republics in transit through Uzbekistan fold and unfold the bank notes returned to them. As it turns out, an ordinary store purchase is equated from this day forward with embezzlement of state property.

The border between the two fraternal republics, which was there in name only until just recently, is being capriciously redrawn. It is impossible to reach the oblast center from the southern rayons of Chimkent Oblast without passing through Uzbek territory en route. In turn, the Tashkent-Samarkand freeway crosses the Kazakh border twice. Over a million and a half Kazakhs have been living in Uzbekistan for many years in friendship and accord with the indigenous population, while Kazakh soil has become the motherland of hundreds of thousands of Uzbeks. How, under these conditions, can anyone count on the effectiveness of protectionist measures? If the first step in this direction—the Tashkent City Executive Committee's ban on the sale of complex household appliances to nonresidents—was received by neighbors with understanding, subsequent measures

directed at self-isolation for the purposes of stabilizing the domestic market elicited perplexity and embarrassment.

Retaliatory measures were not slow in following. According to data of the Chimkent Oblast Consumers' Union, a good half of the farm animals sold in the city market have been exported into Uzbekistan since long ago. The prices on meat and meat products here, you see, are one and a half to two times lower, and the distance to Tashkent is only 120 kilometers. The 6,000 tons of meat shipped annually from Chimkent Oblast to Uzbekistan on the basis of state orders were not touched, but the executive committee of the oblast soviet imposed a ban on exports of farm animals and meat products. But it must be said that the slightly more than 10 tons of meat that have been confiscated have not made much of a dent—Chimkent's food stores and cooperative trade outlets remain as empty as before.

Moreover, even Tashkent's store shelves have seen practically no increase in goods. Except perhaps in the case of vegetable stores, which are now overstocked with rotting onions and radishes and yellowing cucumbers. Farmers of the southern republic have been specializing in early green vegetables for years on end, basing their economy on the relatively high prices on early vitamin-rich produce. But suddenly a veto is transmitted from above. Telegrams began flooding them from traditional trade partners in different corners of the country: "Why are deliveries not being met?" And the farm directors can only pull their hair in panic: How are they going to pay the penalties? Where are they now going to get the construction materials, machinery and equipment that had been promised in exchange for the vegetables?

"As with other directors, I am perplexed by the voluntaristic measures that are being offered up as the first step toward regional cost accounting," said Uzbek SSR People's Deputy R. Akbarov, chairman of the Kolkhoz imeni Karl Marx, Tashkent Oblast. "And the problem goes beyond just the material losses. Why have we been working on our mutual relations with other republics for so many years? Why have we built a network of excellent roads? To disfigure them with barricades? I feel that this urge for self-isolation is deeply immoral. If during the war the Uzbek people were able to take in and feed many thousands of refugees, how can we now look into the eyes of a tourist from whom our famous cookies are confiscated?"

Now let's look at Kazakhstan. While the retaliatory ban on export of meat products could be understood, the decree banning export of industrial products manufactured in excess of the plan out of the republic, which has been in effect since the beginning of the year, is having precisely the same boomerang effect as in Uzbekistan, depriving enterprises of a stimulus to expand production of all kinds of goods.

And finally, we cannot be unconcerned with the tension in the relations between the two republics. Aren't they learning anything from this unfortunate experience?

#### **Ukrainian Economic Autonomy, Interrepublic Trade Examined**

**904A0423A Kiev EKONOMIKA SOVETSKOY UKRAINY in Russian No 5, May 90 pp 3-12**

[Article by Ye. Baramykov, deputy chief of a department of the UkrSSR Gosplan, and A. Nevelev, professor, doctor of economic sciences: "Development of Interrepublic Relations Under Conditions of Expanded Economic Independence of the Union Republics"]

[Text] The economic reform that is being implemented in the country should undergo several stages.

At first economic and legal conditions should be created for the economic independence of socialist enterprises on the basis of the introduction of cost-accounting, self-administration, and self-financing principles into their activity, as well as the legal protection of the interests of all labor collectives of the basic public production link should be ensured.

The application of these principles to the sphere of territorial management—ensuring the economic independence of some territorial production formations, in particular, the Union republics, on the basis of their transition to work under regional cost-accounting conditions, as well as a clear delimitation of managerial functions between central (Union) and local (republic) bodies—should be the next stage in the establishment of these principles.

The transition to regional cost accounting and economic independence of the Union republics now becomes one of the most urgent national economic problems. Its goal is to fully place the threads of management of the internal economy in the hands of local bodies of management and to ensure the standard of living of the region's population in full accordance with the quantity and quality of its labor.

It should be pointed out that the legitimate use of the concept of "cost accounting" as applied to a region is still disputed by some economists, who consider it possible to use cost-accounting relations only within the framework of primary production structures. In fact, the proclamation of cost accounting within one region taken separately, which functions in the system of other regions not operating under the same conditions, seems an absurdity and demands from it some economic and legal restrictive measures protecting its economy from an unregulated interference of external factors. That is precisely why, in particular, coupons for the sale of consumer goods are introduced in the Baltic republics and Belarusia, which have changed over to cost accounting. It is even planned to introduce an internal monetary unit in cost-accounting republics.

However, when all the Union republics change over to cost-accounting methods of management and normal economic commodity-money relationships on a healthy currency and financial basis are established among them, there will no longer be a need for such restrictions. For this the convertibility of the ruble should be ensured first on the internal and then on the foreign market. Only along this path will we be able to ensure normal interrepublic economic relations and to expect to enter into the world economic community. That is precisely why there is a need for the transition of all the USSR Union republics without exception to self-administration and cost accounting with a view to introducing into the practice of management true commodity-money relationships among equal and economically independent Union republics within the framework of the entire country. The transition of the Union republics to regional cost accounting presupposes a change in the economic nature of the interrepublic commodity exchange.

Under conditions of the transition to principles of economic independence and regional cost accounting the Union republics interpret their place in the all-Union division of labor and evaluate their real possibilities in the accomplishment of their internal economic tasks and solution of specific problems in a new way, from new standpoints. The provisions of the USSR Constitution to the effect that every Union republic is a sovereign Soviet socialist state, which ensures an overall economic and social development of the economy on its territory, are realized under these new conditions of management. However, the new role of a Union republic as an economically independent cost-accounting region should not be interpreted as economic autarky. An efficient activity of the economic complex of any Union republic is impossible without extensive and many-sided interrepublic relations, especially as these relations have been formed during the entire existence of the USSR as a result of the intra-Union division of labor. And although it is impossible to state that the actual distribution of productive forces throughout the country's territory, existing territorial specialization, and formed transport and economic interregional relations are optimal in all cases, nevertheless all this should be taken as objective reality, on whose correction considerable time should be spent in the necessary cases.

Under conditions of the centralized and directive establishment of economic relations for deliveries of products there were both positive and negative aspects. The orientation toward streamlining transport and economic relations throughout the country's territory, which was realized through a scientifically substantiated establishment of programs for efficient freight flows (about 300 such programs for the list of mass freight have been worked out), was positive.

The fact that the role of direct participants in the process of circulation of the means of production (enterprises and associations) was belittled was of negative significance in the previously existing system of planning and

organization of economic relations. The lack of the right to choose the supplier, attachment to an objectionable supplier directly made by supply departments and bodies, unsubstantiated changes in attachment plans, and the consumers' virtual lack of rights with respect to suppliers and supply bodies often greatly lowered the efficiency of transport and economic relations, including interrepublic ones.

However, in the absolute majority of cases existing economic relations were determined by real characteristics of economic development and by natural and other objective differences among the USSR Union republics.

The economic relations formed between the Ukrainian SSR and the fraternal USSR Union republics are vast and many-sided. The Ukraine delivers electric power, coal, iron ore, rolled ferrous metal products, mineral fertilizers, light and food industry products, machinery, equipment, and instruments to other republics. The republic is one of the regions where machine building, high-quality metallurgy, the chemical industry, and other sectors giving the tone in the country's scientific and technical progress are most developed.

At the same time, today the Ukraine's economy cannot do without significant volumes of deliveries from other republics. The situation with meeting the republic's needs for the following is a typical example of its dependence on imports: rubber (100 percent); nonferrous metal, motor vehicles, chemical fibers, threads, perfumery, and cosmetics (60 to 80 percent); timber, products of the pulp and paper and medical industries, textile products, and electrical and cable products (40 to 50 percent), and so forth.<sup>1</sup> The problem of meeting the republic's needs for fuel constantly becomes complicated. During the period from 1970 until now, as a result of the outstripping rates of development of power consuming sectors in the UkrSSR, the situation with meeting regional needs for fuel and power through internal production has changed significantly. Whereas previously the Ukraine was one of the Union republics exporting fuel and power resources to other republics, now it is forced to an ever greater extent to meet its needs for them through imports. For example, whereas in 1970 the needs of the UkrSSR for fuel and power resources were met 100 percent through its own production of initial power, subsequently, this percent dropped steadily during the five-year plans: in 1975—98 percent; in 1980—75 percent; in 1985—61 percent; in 1988—58 percent.<sup>2</sup>

Under conditions of the transition to regional cost accounting and economic independence a strategy for the interrepublic commodity exchange should be developed in the Ukrainian SSR, as well as in all the other republics. In our opinion, a statute on the need to ensure a new quality of life for the population residing on the republic's territory, as well as the fulfillment of assumed economic obligations to other Union republics, which

are recorded in state plans for the economic and social development of the USSR and in concluded contracts, should be its basic concept.

Realizing the adopted concept of development of UkSSR economic relations under conditions of operation of the republic economy on principles of cost accounting and economic independence presupposes the accomplishment of two basic tasks.

First, it is necessary to strive for the maximum possible provision for the needs of the UkSSR national economy based on the development and application of a package of measures for protectionism for the internal market. The following should find application among such measures: measures of economic incentives for an expansion of internal production, including, for example, tax privileges for enterprises oriented toward the internal market; sale of above-plan produced products on the internal market, including, for example, a rise in purchase prices of such products, or a partial payment for them in currency; import of products deficient in the republic from the country's other regions and from abroad. Along with this, economic methods limiting the export of products deficient in the republic to the country's other regions and abroad should be applied. Such sanctions should be applied within the framework established by legislation and within the competence of local bodies of power.

Second, it is necessary to strive for a rise in the level of competitiveness of products produced by enterprises located on the Ukrainian SSR territory for the purpose of ensuring the sale of these products on internal (republic), all-Union, and world markets.

In order to increase the economic efficiency of interregional transport and economic relations under regional cost-accounting conditions, it is advisable to analyze the products list structure of the commodity exchange and to develop a package of measures to ensure a reorientation in the export of resources from the products of extractive (raw material) sectors to the products of processing sectors, that is, to finished (final) products. The same economic logic as in foreign trade, when an exchange of highly processed products is considered the most efficient, should operate here.

The system of management of interrepublic economic relations should be based on the adopted concepts and goals of their development. It should include problems of improving recording and reporting, the planning and organization of the interregional commodity exchange, and the development and application of economic methods of regulating it.

#### **Improvement in Recording and Statistical Reporting on the State of Interrepublic Economic Relations**

At present the state of initial recording and statistical reporting on interrepublic deliveries of products does not meet the demand that will be placed on them when the republic changes over to regional cost accounting and

economic independence. The reporting forms No 10-PS of the USSR State Committee for Statistics, which are formed at enterprises, are not generalized in the republic now and, therefore, it is impossible to present the current state of interregional, including interoblast, transport and economic relations. The form No 10-PS is received in the republic from the USSR State Committee for Statistics very late and is drawn up for a limited list of transported products.

The general picture of interrepublic deliveries is formed on the basis of the data on the intersectorial balance, which is worked out irregularly and does not exist at all in terms of oblasts.

Meanwhile, a current, full, and reliable evaluation of the state of interrepublic deliveries of products is extremely important for the development of managerial decisions on the formation of the commodity exchange activity of the republic economy. Previously, interrepublic deliveries were managed by republic bodies of management only to an insignificant extent, because economic relations were formed under the effect of the activity of sectorial ministries and bodies for material and technical supply of the USSR Gosnab. At the same time, the volumes of interrepublic imports and exports did not signify that there was a surplus or a shortage of a specific product in one Union republic or another. It could be a matter of existing efficient transport and economic relations, or of the attachment of suppliers to consumers by various all-Union departments on the basis of their own interests. Previously, such a situation remained virtually outside the attention of republic bodies of management, which, first, could not have any efficient effect on these processes, because the competence of the councils of ministers of the Union republics was limited only to several percent of the total size of the economy located on the republic's territory and, second, they had virtually no economic interests in regulating the interregional exchange, because, although interrepublic material and physical relations possessed a commodity form, their commodity nature did not give rise to financial obligations characteristic of interstate relations.

That is precisely why the Union republics paid very little attention to the formation of initial and regional statistical reporting on interrepublic deliveries, as well as to the economic tools of their adequate evaluation. In particular, as a rule, special significance was not attached to the question whether a republic was importing or exporting. Under the new conditions of management this will be very important. How, in fact, do matters stand?

Whereas, according to the data of the USSR State Committee for Statistics, throughout the UkSSR territory in 1987 exports, including to foreign countries, in internal prices totaled 43,998 million rubles and imports, including to foreign countries, 50,179 million rubles, consequently, the excess of imports over exports throughout the UkSSR totaled 6.2 billion rubles.<sup>3</sup> In other words, according to the data of the USSR State

Committee for Statistics, the Ukrainian SSR is an importing republic. The same conclusion (with due regard for export and import deliveries) is confirmed by the calculations of the UkrSSR State Committee for Statistics for 1988: Imports to the republic totaled 49.86 billion rubles and exports, 46.94 billion rubles.<sup>4</sup> Without taking these deliveries into account (calculation in internal prices), in the interrepublic exchange of domestic products the Ukrainian SSR has an excess of exports over imports: in 1987 (according to the data of the USSR State Committee for Statistics), of 1.6 billion rubles;<sup>5</sup> in 1988 (according to the data of the UkrSSR State Committee for Statistics), of 3.63 billion rubles.<sup>6</sup>

Thus, at present, owing to the negative export and import balance, that is, a significant excess of imports over exports, the UkrSSR is characterized as an importing republic (in internal prices). The presented picture of the state of the interrepublic commodity exchange can be criticized, because it is not fully objective, primarily owing to the shortcomings in price formation. At the same time, the conclusions resulting from an analysis of the state, tendencies, and dynamics of the interrepublic commodity exchange are extremely important for the development of a regional economic policy under conditions of the republic's economic independence.

In our opinion, the regulation of the forms, products list, indicators, and organization of the formation of statistical reporting on the state of the interrepublic commodity exchange should become one of the most important tasks of an efficient organization of UkrSSR interrepublic economic relations under the new conditions of management. In particular, it is necessary to scientifically substantiate the list of products, on which statistical reporting on interrepublic imports and exports should be formed. This requires a quantitative evaluation of the volumes of the actual commodity exchange with respect to every products list entry of the all-Union classifier of products in order to uncover in every sector (and the national economic complex of sectors) the most "transportable" types of resources, which have a decisive effect on the total size of interrepublic shipments. Reporting on the interrepublic commodity exchange should also be formed on the basis of this products list. Moreover, this products list should fully include the products list of the state order centrally established for the republic.

Reporting on interregional, including interrepublic, deliveries should be done according to special forms of initial information formed at enterprises, which should be systematically generalized in oblast administrations and then in the UkrSSR State Committee for Statistics.

It is very important to ensure strict control over a reliable and complete collection of information formed at enterprises concerning deliveries of an interrepublic nature, because it is initial for calculations characterizing the republic's financial and economic situation.

This is another prerequisite for the UkrSSR State Committee for Statistics to begin more boldly introducing its own approaches to statistical research, in which the republic is interested, and not be oriented primarily to all-Union methodology.

It seems necessary to instruct the republic's appropriate scientific organizations to work out for republic bodies of management (within the framework of the development of measures for the transition to the economic independence of the UkrSSR) a package of methodological and legal normative documents for an organization of a systematic evaluation of the interrepublic commodity exchange.

#### Improvement in Planned Regulation of Interrepublic Economic Relations

Under regional cost-accounting conditions interrepublic economic relations should be formed with due regard for the planned principle in economic management. The planned nature of organization of interrepublic deliveries is realized through the use of administrative and economic methods. Administrative methods should be applied for the regulation of transport and economic relations for deliveries of centrally planned products.

A centralized regulation of interrepublic economic relations is advisable only to the extent to which the need is dictated for the management at the Union level of production complexes and sectors, which are of decisive importance for ensuring the functioning of the USSR economy as an organic unity of independent economies of the Union republics. In these cases producer enterprises should receive state orders for the production of specific products and limits for their delivery to specific consumers.

In cases when suppliers or consumers are on the UkrSSR territory and their partners, in accordance with the centralized state order for production and limits for delivery, in other Union republics interrepublic relations for centrally planned products are formed.

In other cases (when products are produced in excess of the state order) enterprises producing products should have the right to independently establish economic relations with consumers, including in other republics, on the basis of mutually advantageous economic interests. At the same time, the task of planning bodies is to develop an economic mechanism of interest on the part of producer enterprises, first, in accepting and qualitatively executing state orders and, second, in producing the maximum quantity of high-quality products in excess of the state order for market saturation. Thus, a combination of planning and market levers in the formation of interrepublic economic relations should be ensured. It is envisaged that the products list and volumes of state orders and limits will be gradually reduced and stabilized somewhere at an objectively necessary level.

What should this level be? The answer to this question depends on the functions that bodies of management at different levels will perform. Thus, in our opinion, at the Union level state orders and limits should be formed with respect to the products list and in the volumes of material resources, whose consumption should ensure an efficient functioning of production facilities and spheres of activity pertaining to the competence of the Union Government. This includes the functions of the country's defense, fulfillment of foreign economic state obligations, and management of the sectors of the defense complex, as well as railroad, air, and sea transport. All the remaining spheres of activity and production sectors should be placed under the authority of republic governments according to the place of location of appropriate enterprises. In this case state orders should also be formed by these bodies.

At the same time, there is one question, which seems disputable. Its essence lies in the following: To change over to regional cost-accounting principles immediately or gradually, that is, to place all sectors under the authority of the Union republics (except for the above-indicated), or for now, for some time, to leave the management of sectors of fuel-power, metallurgical, and machine building complexes, chemical, microbiological, and medical industries, geology, exploration of minerals, and some others under the authority of the Union Government?

In our opinion, this question deserves a serious discussion. On our part we would like to stress that the transition to a truly economic independence of the Union republics cannot be halfway. After all, when such an approach to the delimitation of the competence of Union and republic governments is adopted, less than one-half of the economy located on the UkSSR territory will be under the authority of the UkSSR Councils of Ministers.

Meanwhile, the establishment of a direct relationship between the region's contribution to the growth of public wealth and the corresponding improvement in the material and social situation of the territory's workers is one of the main conditions of cost accounting, including regional. Hence it follows that local bodies of power in every region (Union republic) should be the sole masters on their territory and bear full responsibility both for fulfilling obligations of an all-Union nature and for the standard of living of the population in a given region without any reference whatsoever to central all-Union bodies and to the lack of rights and powers, as is the case at present.

Irrespective of the solution of this problem we would like to stress that the establishment of interregional transport and economic relations should be based on optimal economic calculations. In particular, the minimization of composite transport costs should be taken into account. In connection with this it seems necessary to expand the compilation of territorial material balances and to use this information for the accomplishment of

transport tasks concerning the formation of programs for efficient freight flows throughout the country's territory. These results should be used as recommendations to territorial bodies of management for the regulation of transport flows and to enterprises for the reduction of transport and procurement expenditures and, on the whole, should serve as a tool for managing shipments throughout the country.

#### Improvement in the Organization of Interrepublic Economic Relations

At present the organization of interrepublic economic relations is not the object of regulation of republic and local bodies of management. The forced, as a rule, nature of formation of such relations with the participation of USSR Gosnab bodies and USSR ministries and departments, when the consumer appears as a beggar and the producer dictates his conditions to him, is the main shortcoming of the existing practice of establishment of economic relations between suppliers and consumers of material resources in the country's various regions. The indifference of local planning bodies to the volumes and efficiency of such relations, as a result of which, for example, the shipment of products, for which a region can fully meet its needs independently, to the territory of republics and oblasts is permitted, is another shortcoming in the formation of interrepublic relations.

Under regional cost-accounting conditions the practice of organization of the interrepublic commodity exchange should change fundamentally, although with respect to centrally planned products the practice of rigidly tying suppliers and consumers should be retained. At the same time, however, the policy of the interrepublic commodity exchange should be based on the utilization of the requirements concerning the law of value and commodity-money relationships, which presupposes the existence of a market for the means of production with all the signs of economic functioning inherent in it, in particular, the competition of goods and producers, demonopolization of production, existence of free prices, and integration of intraregional, all-Union, and foreign markets.

In connection with the fact that at present the socialist market is only coming into being in the country interrepublic relations should be established through an adequately adopted organization of material and technical provision. Economic contracts concluded by enterprises and organizations located on the UkSSR territory with partners in other Union republics should be the organizational base for interrepublic economic relations. They should be concluded both on the basis of centrally set assignments for the production of products (state orders) and plans for their distribution (limits) and independently within the framework of wholesale trade in the means of production.

Apparently, the interrepublic exchange of some types of key (strategic) resources should be formulated by appropriate intergovernment agreements with the participation of the USSR Gosplan.

### Improvement in the Economic Mechanism of Regulation of Interrepublic Economic Relations

The presently operating mechanism of management of the regional economy and interregional relations is far from oriented toward regional cost accounting and, in general, toward the priority use of economic methods of regulation of various economic situations over simple bureaucratic administration. The following real situation can be cited as an example.

In 1989 in accordance with the legislation in effect producer enterprises located on the UkrSSR territory, selling products produced in excess of the state order at their own discretion, shipped a large quantity of material resources, including those pertaining to the category of acutely scarce resources of strategic significance, to consumers outside the UkrSSR territory. It was primarily a matter of the sale of 65,000 tons of gasoline outside the UkrSSR territory,<sup>7</sup> which was one of the reasons for the acute insufficiency of fuel for the needs of the republic economy. During the same year more than 40,000 tons of waste paper were shipped abroad, as a result of which the plans of republic enterprises operating on these raw materials proved to be unbalanced. Owing to this, the republic failed to obtain a large quantity of school notebooks, packaging and toilet paper, all possible types of transport containers, and so forth. There were also other similar cases.

### What was undertaken for the protection of the internal market?

To rectify the situation, a decision was adopted to limit the export from the UkrSSR of above-plan products produced by enterprises with respect to 25 products list entries.

This forced measure made it possible to save material resources worth about 900 million rubles for internal consumption in the UkrSSR national economy. This can be understood from the standpoint of observance of republic interests. However, methods of limiting the export of scarce resources from the republic's territory and protectionism with respect to internal consumers, to be sure, should be different. These should be economic, not administrative, methods, first of all, tax, credit, and monetary ones, which have been successfully applied all over the world for a long time.

What is the essence of applying economic methods of management? It lies in ensuring the economic interest of the object of management in adopting a decision and in carrying out its activity in accordance with the interests of the managing subject. In this specific case, certainly, it would be necessary to increase purchase prices of above-plan products, to reduce the tax on the profit obtained from the sale of above-plan products on the internal market, and so forth. Possibly, along with such measures, currency should be allotted for a partial payment for resources intended for sale abroad.

For now it must be stated that economic methods of economic management, including the management of interrepublic and foreign economic relations, do not yet operate in our country. However, it should be kept in mind that without the use of such methods it is impossible to activate cost accounting at individual enterprises or to launch the mechanism of economic independence and economic cooperation among equal Union republics.

Under conditions of the introduction of commodity-money relationships into the practice of management the interrepublic exchange should assume a true commodity form and be carried out on an equivalent basis, because it will play a significant role in the formation of republic budgets. In connection with this among economic methods of management of interrepublic relations scientifically substantiated price formation acquires special significance. It is necessary to envisage a procedure under which the state should carry out a centralized regulation of prices only for centrally planned products and types of operations. Prices of products sold by producer enterprises independently should be set by direct producers on the basis of the conditions of internal (republic), all-Union, and world markets.

The opinion of some economists, who believe that in interrepublic calculations it would be necessary to change over to world market prices, is also of interest. This interesting proposal deserves attention. The transition to world prices would more realistically reflect the state of the economy of every Union republic in the world economy.

It is necessary to stipulate that, in order to adopt in the future the proposal on the transition to mutual settlements at world prices, the unanimous consent of all the Union republics is needed, because in this case the import and export balance of some of them will worsen significantly.

For example, according to the data of the USSR State Committee for Statistics, in 1987 the balance of import and export of products in world market prices in the Lithuanian SSR would have worsened by 2.4 billion rubles, as compared with an evaluation in internal prices.<sup>8</sup> As the UkrSSR State Committee for Statistics calculated on the basis of the 1988 data, in the Ukrainian SSR the import and export balance in world prices virtually does not change. With a reduction of currency debts to other countries the republic will increase the debts in interrepublic deliveries approximately by the same amount and will remain an importing republic with a negative trade turnover balance of 2.9 billion rubles. In 1988, gaining 3.6 billion rubles from deliveries of domestic products, the Ukraine lost 6.5 billion rubles on foreign trade operations.<sup>9</sup> In connection with the above-stated it is necessary to develop measures to improve the structure of the interrepublic and foreign trade commodity exchange and, in particular, to increase the export of products, whose prices on the world market are higher than on the internal market and, accordingly,

to reduce the export of products, whose prices on the world market are lower than on the internal market.

The formation in the USSR of an efficiently functioning commodity market and its integration into the world market are some of the basic prerequisites for the transition to world prices and the creation of conditions for the convertibility of the ruble.

The problem of forming and realizing the policy of the interrepublic exchange under regional cost-accounting conditions is very complex and diverse. Its embodiment in the practice of management will require new theoretical and methodological studies and serious organizational measures.

It is necessary to see to it that in all cases during the implementation of the interrepublic exchange the demands for equivalence and mutual benefit are strictly observed and a combination of economic interests of labor collectives, individual regions, and the USSR national economy as a whole is ensured.

In April 1990 the USSR Supreme Soviet adopted the USSR Law "On General Principles of Local Self-Administration and Local Economy in the USSR," which, in particular, regulates the economic basis for local self-administration. Article 13.2 of the law stipulates that the commodity exchange among territories is carried out under conditions of openness of territorial markets. Local soviets of people's deputies do not have the right to introduce restrictions on the import and export of products and goods outside the appropriate territory.

Thereby, the economic independence of producers of all types of resources to freely dispose of the part of products produced in excess of centralized orders for meeting state needs is confirmed legislatively. Under these conditions the success of protectionism for the internal market, which should be based on the adoption of economic decisions of a stimulating nature, not on administrative bans, depends to a significant degree on territorial bodies of management.

#### Footnotes

1. See: I. Ivanchenko, "Who Feeds Whom," PRAVDA UKRAINY, 17 March 1990.

2. See: "Problems of Theory and Practice of Management," MEZHDUNARODNYY ZHURNAL, No 6, 1989, p 116.

3. See: "How Much Does Independence Cost?", ARGUMENTY I FAKTY, No 50, 16-22 December 1989.

4. See: I. Ivanchenko, *ibid.*

5. See: "How Much Does Independence Cost?", ARGUMENTY I FAKTY, No 50, 16-22 December 1989.

6. See: I. Ivanchenko, *ibid.*

7. See: "Where Do 'Gasoline Rivers' Flow," POSREDNIK, 12 to 18 January, 1990, p 5.

8. See: "How Much Does Independence Cost?", ARGUMENTY I FAKTY, No 50, 16-22 December 1989.

9. I. Ivanchenko, *ibid.*

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#### Estonian Supreme Soviet Debates Proposed Budget

904A0490A Tallinn SOVETSKAYA ESTONIYA in Russian 29 Jun 90 p 2

[Article by SOVETSKAYA ESTONIYA parliamentary correspondent Nelli Kuznetsova: "Nothing But the Truth...."]

[Text]

#### Our Parliamentary Correspondent Nelli Kuznetsova reports from Toompea

Thus, the last Republic Supreme Soviet 12th session has been left behind. It turned out to be utterly saturated. Just like there is never enough night for a student before an exam, the Supreme Soviet did not have enough days or, maybe, one day to attentively examine all draft legislation that remained for this last session. During these days, there has been a reason for the word *tseytnot* [to be in time trouble—a chess term] to become quite fashionable among the deputies. It was frequently repeated both from the session podium and in the corridors, although the parliament's work time had been increased: the session was extended by one day and parliament was in session from 9 a.m. until 7 p.m. As for deputy commissions, factions, and groups, it was proposed that they meet early in the morning, late in the evening, or even at night.

Naturally, the Republic budget for the second half of the year was the main issue, the "highlight" of this session. The primary debates flared up around precisely this issue. Incidentally, it was at this session that Speaker Yu. Nugis, perhaps for the first time, used such a form of address to the hall as "dear colleagues." And this sounded very moving, even somewhat family-like, which, however, did not prevent the "dear colleagues" from arguing ferociously.

In fact, the dispute about the budget had begun even prior to adoption of the session agenda: to submit it for discussion and if it is submitted—then on what day? Obviously, somewhere secretly among some delegates, and first of all among Popular Front delegates, was the fear that discussion of the submitted draft and shortcomings in it would have a negative impact on the government's prestige and first of all on the premier himself. Really, it is no accident that opinions have already previously been stated that precisely the budget would become the stumbling block for the new government and

it will be precisely the "touchstone" with whose assistance they will attempt to bring down the government.... Statements of Christian-Democratic Union leaders and Pastor N. Khallaste, a leader of the Committee of Estonia, have already appeared in the press about the fact that "we do not need a socialist-minded government, we need a rule-of-law-minded government." At the same time, many deputies have expressed the firm conviction that they "will not change horses in mid-stream" and that right now the fall of the government cannot be advantageous to anyone; otherwise, anarchy will sweep over the republic national economy....

And nevertheless there was much criticism, sharp, impartial criticism. The speeches of Yu. Uluots and T. Made were perhaps the sharpest. Yu. Uluots, speaking, as he expressed it, "dual-hatted," that is on behalf of the deputy economic commission and on behalf of a group of independent democrats, at the same time stressed that "we do not need to mix purely economic problems with political problems." His speech was also like this: sharp but constructive with criticism that was purely professional but without political ambition. Although, as he himself said later, members of the economic commission even attempted to dissuade him from speaking, obviously fearing that he would "open the floodgates too wide." But by the way, even at the very beginning of the speech, he stressed that we need to trust the government and give it range with regard to the budget. But he could not keep silent about the weak measures of the draft.

In Yu. Uluots' opinion and also in the opinion of many deputies, the income portion of the budget is its weakest part. Where will the income come from? Already later in the corridors, Arvo Sirendi, who normally does not say very much, did speak but essentially he noted that the current draft law on the budget is a "colossus with feet of clay." In fact, where will the government get the money? While analyzing the budget, Yu. Uluots said, "I understood how poor we are." One of the sources of income provided for in the budget is a loan. But it is difficult to imagine that the [government] will succeed in carrying out [this loan] with the interest that is stipulated and moreover for the impending 10 years. In our time when the situation in the economy and in the social sphere is changing rapidly and when the transition to a market economy is creating completely new conditions. This is what Yu. Uluots said in his usual, direct manner without beating around the bush: "Where do we get these fools?" And if we are forced to take a loan, then how will it be different from the sadly infamous Stalinist times? The ministry must develop other loan conditions that are more appropriate to today's realities—this thought was precisely stated in the deputy's speech.

In Yu. Uluots' opinion, "a hole in the budget" threatens us, whose cost is nearly 300 million rubles. This is difficult to prove, said the deputy, but an economist's logic and intuition suggest it. Maybe it is not that terrible. But the main thing is that we ourselves should know that. And we need to speak the truth to do this. The whole truth and nothing but the truth. Both to ourselves

and to all the people. Naturally, 300 million is the "most dire scenario," but we always need to be prepared for the worst....

In one way or another, all, or almost all, of the deputies basically touched upon several problems while discussing the draft budget law.

Withholdings to the union budget. This year the Republic must contribute 340 million rubles into the Union Fund. Many are convinced that this is an unbearably high percentage that is beyond the Republic's capabilities. However, Deputy A. Gusev posed the question: Has precisely this percentage not currently been approved because previously withholdings from, say, union enterprises went directly to the Union? Right now all enterprises, regardless of subordination, send their withholdings to the Republic budget. And really just the tax from turnover on union-subordinated enterprises totals nearly 200 million rubles. Furthermore, there is still payment for labor resources. And there are other withholdings. How are they calculated in the budget? Many deputies still do not understand this.

The Republic has now suspended payments into the Union Fund. Today the debt totals nearly 160 million rubles. What are we to do with this money? Some proposed entering it into the expenditure column and using it for the Republic's needs. Mart Laar, a Christian-Democratic Union representative, frankly stated that this is not only an economic but also an important political step. But nevertheless many deputies had their doubts. Someone suggested transferring this sum to the government reserve fund and not spending it for now....

In fact, the Union can demand these sums and it has sufficient techniques to obtain this money. Moreover, as Deputy N. Zakharov said, during the first half of the year, the Republic received quite a bit more from the Union than it calculated for this period. Metal, gasoline....

Incidentally, about the reserve fund. Many [deputies] consider the existence of this fund legitimate, even necessary, considering the rapidly changing conditions and the need for maneuver. But what kind of fund should it be? The government itself calculated it at five million rubles. Right now, as that same N. Zakharov thinks, E. Savisaar has, through deputies efforts, not five but almost 15 million rubles at his disposal. How will it be spent? And can the Supreme Soviet control its utilization?

The remaining problems could be demonstrated in V. Andreyev's speech. It was stern, laconic in form, and precise in thought.

First. The draft budget law provides an idea of expenditures and income as they apply to ministries and departments. However, the deputies would like to see how these sums are allocated by cities and districts. This really first of all interests the voters. Nevertheless, it is exactly this that also remains unclear. Incidentally, M.

Laar also essentially expressed that same thought when he stated that the submitted draft [budget] law leads to greater bureaucratization and centralization. As V. Andreyev stated, the budget was previously "stolen" by union departments and now [it is being "stolen"] by republic ministries. Essentially, local self-government finance reform has been reduced. But this fact turned out to be so concealed that far from all deputies detected it.

Second. In Estonia, the transition to a market economy will probably begin more rapidly than in other regions. At least, this is what the government thinks and declares. But if this is so, then government staff expenditures must also be reduced. Really the transition to a market economy stipulates an increase of producers' independence. It cannot be otherwise. But in fact? V. Andreyev particularly pointed out the fact that staff expenditures have been increased in the government budget. Say, the establishment of an air transportation department has been provided for and that 52,900 rubles, including 41,400 rubles for wages, have been appropriated for it in the submitted budget. But as we all know, a Civil Aviation Administration operates in the republic. What will differentiate one from the other?

Both V. Andreyev and certain other deputies have directed attention to the fact that the budget plans for significant salary increases for VUZ teachers. However, E. Pyldroos stated the following thoughts on this subject: What will the future Estonia be founded on? How do deputies visualize this? Really the main thing is that this is intellectual and scientific potential. And the "brain drain" process has already begun. We need to slow it down. Raising VUZ teachers' salaries is one method to slow it down. I think that E. Pyldroos is correct in many ways. There is basis for concern. However, the deputies' doubts are also understandable: the salary increase for this category of workers is seen as disproportional in the general scheme of things.

Allocation of certain sums provided for in the budget for creative union members' creative assignments also causes these same doubts. The unions really exist to do precisely this, to promote the increase of artists', writers', etc. level of mastery using their own assets and their own assistance. Later in the corridors some deputies said that maybe this is a unique form of payment for support....

And finally, one more problem that also somehow or other troubled many [deputies]—financing the KGB, Glavlit [Main Administration for the Safeguarding of Military and State Secrets in the Press], and the Military Commissariat. The deputies decided to terminate their funding from the Republic budget during the second half of the year after a long discussion and by a majority vote.

Deputy M. Laar said that the expenditure figures here seem to him to be astronomical. But if we speak the truth, they are miserly, just over 40,000 rubles. At the same time, they are mainly expenditures for government special communications. And if it ceases its existence with the deputies' help, then how will the government get by in the future while resolving its own complex problems and while constantly communicating with the Center and with various regions of the country? I think that in this case we can understand Minister of Finance R. Miller who clearly became despondent over the parliament's decision: this is a dubious victory for the Republic in a financial context and it could be a great defeat in the political context.

Generally, I need to say that political passions still continue to predominate even when making these purely economic decisions. E. Savisaar pointed out that it is no wonder many deputies are striving to transfer their internal party differences to the Republic level. But he said that we should not break up Estonia due to political ambitions. Some people nevertheless think that we can remake the world with a single stroke of the pen. But it does not work that way. In fact, we could make mistakes. But we also need to correct errors through joint efforts while proceeding from the interests of the entire Republic and its entire population.

This sort of ease of approach also impacted during discussion of the problems of banking in Estonia on the last day of the session. We can criticize R. Otsason as much as we want, as some deputies did, but the Bank of Estonia will not begin to operate better until the key issues of our interrelationships with the Center and with other republics have been resolved. Until negotiations have been conducted in all of their breadth and complexity.... But it is as if some deputies have forgotten about this. It still seems to them that, having pressed the buttons in the meeting hall, they can instantaneously change life in the Republic. Without considering the realities.... Without considering all of the complex problems that surround us on all sides.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Official Discusses Land Use, Payments

#### Farming, Private Land Use

904B0187A Moscow RABOCHAYA TRIBUNA  
in Russian 1 Apr 90 p 1

[Article by Ye. Gaydamaka: "How To Return To the Land"]

[Text] *On the last day of this year's mild winter and during the third session of the USSR Supreme Soviet, a long awaited document—The Principles of Land Legislation—was adopted by the deputies with a burst of applause.*

*In addition to arousing lively interest, the new law also brought forth a number of questions, particularly among the city-dwellers. This is why "RT" [RABOCHAYA TRIBUNA] turned to the chief of the Main Administration for Land Management and Land Utilization of the USSR Council of Ministers Committee for Food and Procurements Ye. Gaydamaka with a request, on Saturday 24 March, to answer telephone calls by our readers.*

*Today he shares his impressions regarding these frank discussions.*

To tell the truth, I expected that a majority of the questions would not be asked by those who had decided to change their fate abruptly, depart their city and commence farming on a serious basis. Yes and generally speaking there were few who maintained the deception that city-dwellers rushed to the countryside immediately following adoption of the Principles of Legislation.

But the very fact that, of the 28 individuals with whom I held discussions over a period of three hours, six were devoting some thought to farming, was both notable and gratifying.

A typical question was asked by metal cutter from the Voronezh Aluminum Plant A. Zenkov. Together with his comrades, he inspected a village in which over half of the homes were empty, and he asked if they could be acquired.

I replied that it was possible. And not just the homes. It was also possible to obtain a neglected tract for a dacha, an action that was forbidden earlier. To accomplish this, one had to turn to the executive committee of the local soviet. Moreover, the size of the tract of land is no longer limited to six "one hundredths" of a hectare. More land is allocated if, by agreement with the kolkhoz or sovkhoz concerned, you agree to provide it with a portion of the products grown. I ask merely that you take one factor into consideration: the union legislation on land entered into force on 15 March and yet the development of the republic's land codes is continuing. Thus, do not be in a

hurry to turn to the village soviets so long as the system for allocating land has still not been established.

I wish to immediately calm down those who, like engineer N. Saveliev of the Volgastalmontazh Trust in Saratov, are anxious to learn if their city apartments can be retained in such instances. They can be retained. And pensioner T. Belera in Aleksin in Tula Oblast wishes to know what payment will be required for the land. A moderate payment, quite possibly the same as that presently being paid for private plots. Although, the tax rates in each union republic will certainly vary.

I wish to repeat that there were many such telephone calls. And I willingly answered them in view of the fact that the most important task of the new law is that of raising the effectiveness of use of our land.

But certainly, we are placing great hope in a new social phenomenon—our native farmers. And everyone is interested in learning where and how the plots will be allocated, the conditions for the granting of privileges and credits and others. Moreover, many question whether or not any good land will be left at the kolkhozes and sovkhozes and if only unsuitable land will be made available to the farmers. Muscovite N. Sak, for example, is firmly convinced that this will be the situation in the Moscow region. I gave him a frank answer: there will be more land than those desiring to obtain it—farming is difficult work. Yes and particularly under the initial conditions.

Thus, where will the land for the farmers come from? I discussed this question thoroughly with a land management colleague from Syktyvkar, A. Kozlov. The legislation makes provision for two methods. A kolkhoz member can leave his farm with the plot of land that is due him. But what about a newly arrived city-dweller? He will be allocated a sector from a reserve fund. What is this exactly?

It is no secret that the agricultural land on many farms is by no means being utilized in the best possible manner. Today land that is not being used efficiently can be withdrawn and turned over to the local soviets. Moreover, we have in mind here not just small plots, but rather entire tracts of land. This will enable the farmers, if they so desire, to form entire associations.

And will there be any restrictions when transferring to other regions? For example, a builder from Tashkent, A. Chvokin, would like to farm in the nonchernozem zone and Muscovite V. Sorokina is interested in the north Caucasus. It is believed that this data will be published when the creation of land reserves is completed in all areas. It will then be possible to apply for land in the region desired. But it is my opinion that the land should be allocated only on a competitive basis. Indeed, it is not enough to merely have the desire—one must also be able to act upon it.

Allow me to say a few words regarding privileges. I will single out one: for a period of three years, the new

peasant farms will be released from having to make tax payments for the land. And in the republics, certainly, this list can be continued.

With regard to credits, which naturally are needed by each farmer, here we have many unresolved questions. Let us begin with the amount of a loan. Here we encounter many different interpretations among the specialists. They believe that from 50,000 to 300,000 rubles are needed in order to acquire a modern farm. This would be needed for starting an operation. But who would provide this credit? And who would be responsible for ensuring that the fledgling farmer would not become bankrupt within a year or two?

I can only refer to the experience accumulated in some oblasts where livestock husbandry facilities were turned over on a lease basis earlier than in other oblasts. Here, unions and associations of leaseholders appeared in a spontaneous manner—at the oblast and rayon levels. These were the organizations which began resorting to the use of promissory pledges: farmers who are already operating on a sound basis appear in the role of guarantors, offering their own real estate as collateral in behalf of a novice farmer.

Many are disturbed by the resistance of local authorities. A Kishinev lawyer, V. Kodryanu, discussed with me at length and in an excited manner his land disputes. Alas, I can still offer only one piece of advice: turn to the people's court. It will investigate the matter.

And there is still one other aspect. The new legislation must improve the respect for the land. There was one telephone call which I would describe as being almost frivolous in nature. And what would be said if one plowed up only a small garden for appearance sake and built a boarding house on the remaining land? For foreigners. With payment for the post in currency. What then?

Please, go ahead with the plan. Provided the plot was designated for a boarding house and the local soviet authorized you to use it for that purpose. If however you were engaging in a deception and the land is not being used as intended or ineffectively, then you will be deprived of your right to own it.

Thus, in conclusion I would like to repeat for our "RT" readers the frank statement made by a person I spoke with recently. Yes, it has now become easier to return to the land. But you must initially ask yourself: will I truly become a master of the land?

#### Payments for Land

904B0187A Moscow SOVETSKAYA ROSSIYA  
in Russian 5 Apr 90 p 1

[Interview with Ye.I. Gaydamaka, chief of the Main Administration for Land Management and Land Utilization of the USSR Council of Ministers Committee for

Food and Procurements, by TASS correspondent G. Yevstifeyev: "Payment for Land"]

[Text] According to lawyers, only a few of the articles of the Principles of Land Legislation have a direct effect. The remaining ones will function following the adoption of the land codes of the republics and other legal documents. One of the more important norms of the new law is the payment for land.

Today we are discussing this subject with the chief of the Main Administration for Land Management and Land Utilization of the USSR Council of Ministers Committee for Food and Procurements, Ye.I. Gaydamaka.

[Yevstifeyev] In the Principles of Land Legislation, just as soon as the discussion concerns the amount of tax and the lease payment for land, the explanation follows that they will be determined based upon the quality of the tract of land.

[Gaydamaka] Up until recently, a system of zonal purchase prices was employed in our country. The imperfections in this system were readily apparent to the untrained eye. Indeed, the conditions under which a specific farm operates are unique and different even from a neighboring kolkhoz or sovkhoz.

[Yevstifeyev] Thus, are we returning to the rent which existed in our country during the years of the NEP [New Economic Policy]? But there is not even a mention of such rent in the law.

[Gaydamaka] Truly, the legislators avoided use of the word "rent." However, it is precisely this concept which is implied in the expression "tax on land with location and quality taken into account." It is still difficult to discuss the specific amounts of tax. But one fact is clear. The amount of tax for such a huge country, in which agriculture is being carried out in the vast areas of Siberia and in the rich valleys of the Trans-Caucasus, must be differentiated.

An economic evaluation of the land has been carried out. It includes the productive capability of the soil and the degree of its suitability for the cultivation of certain crops.

[Yevstifeyev] But will we not have a situation in which the producers, under conditions involving stronger market relationships and in the interest of compensating for the payment for land, will simply raise the prices for their products?

[Gaydamaka] Yes, the payments for land must necessarily be combined with the prices for products sold. But if rent payments provide the foundation for the tax, then the arbitrariness of a producer will be eliminated. The amount of rent will be greater as the prices for the products are raised.

[Yevstifeyev] The danger of "extremes" will then arise, a factor which has always bothered our officials. How can

a farmer avoid them and when will the state have at its disposal such a powerful economic lever?

[Gaydamaka] There have always been sufficient "levers." Earlier they were simply evaluated using extremely crafty means and they were covered by clearly good intentions on the part of the farmers themselves. Today the state honestly states that it collects a tax for the possession of land. The larger the amount of tax, the better and more suitable the plot of land.

Only glasnost provides protection with regard to manipulating the amount of tax. Everyone in a rayon must be aware of the amount of tax being collected for a particular plot. For example, we believe that it would be correct for each rayon to present, for general review, a detailed map of similar plots of land, with the normative indicator for rent (tax) and the method for computing it being shown for each plot. It would then be up to the future owner to select a plot for himself based upon his own possibilities.

## REGIONAL DEVELOPMENT

### Agrarian Organization Emerges in RSFSR

**RSFSR Congress Report, Leaders in Attendance**  
904B0239A Moscow SELSKAYA ZHIZN in Russian  
28 Apr 90 pp 1-2

[Article by V. Virkunen, N. Kopanov, and Ye. Petrakov: "The Strength of the Peasants Is in Unity"]

[Text] The founding congress of the Union of RSFSR Agrarian Workers has concluded its work in Moscow. It created a new socio-political organization uniting the workers of the republic's agroindustrial complex.

The founding congress of the Union of RSFSR Agrarian Workers was held for two days, 26 and 27 April, in the Hall of Columns in the House of Unions in Moscow.

RSFSR agriculture is experiencing great difficulties. Mistakes in the agrarian policy have resulted in serious economic losses, complexities in the ecological situation, and a worsening of the demographic situation in the rural areas. That is why a group of USSR people's deputies, farm managers well known in the country, came out with the initiative to create a social organization to protect the interests of rural workers.

The organizing committee carried out the necessary preparatory work, and the founding congress met.

It was opened by Twice Hero of Socialist Labor V.Ya. Gorin, member of the organizing committee and chairman of the Kolkhoz imeni Frunze, Belgorod Rayon, Belgorod Oblast. He reported that 736 delegates had been elected to the congress representing 14 million workers of Russia's agroindustrial complex: kolkhoz farmers, sovkhoz workers, agro-combines, agro-firms,

associations, cooperatives, leaseholders, farmers, and all those who have tied their life to the land and provide services to farmers.

Hero of Socialist Labor V.A. Starodubtsev, member of the organizing committee of the Congress of USSR People's Deputies, gave a report on the goals and tasks of the Union of RSFSR Agrarian Workers.

The food question, he and other speakers emphasized, has today become the main yardstick of perestroika. The people will believe in the reality of changes only when they feel a clear improvement in the food supply. Society assesses the work of agriculture according to what it has on the table. People have grown tired of endless shortages and lines.

At the same time, the paramount problems of the rural areas are being relegated to the background. It seems everyone agrees, the speakers noted, that Russia's agriculture is experiencing a difficult crisis. Distancing people of labor from management and distribution of the product they produce and destruction of the rural way of life have resulted in the devastation of numerous rural areas, worsening of the demographic situation, and massive loss of agricultural lands, which are overgrown with brush and turned into swamp. Despite the presence of huge areas of agricultural lands, Russia is unable to feed itself. Depriving future generations, the republic annually exports irreplaceable natural resources—oil, precious metals, raw materials—in order to buy food, clothing, and footwear abroad.

Nevertheless, the government, despite its numerous assurances about making development of the agrarian sector a priority, continues to finance costly, ambitious programs at the expense of the rural area. The disparity between political slogans and reality is becoming increasingly more acute. The social and economic inequality between rural workers and city dwellers is growing year after year; the bulk of the rural areas are becoming poorer.

The congress initially planned to complete its work in 1 day. However, as the session went on, they unexpectedly had to change the planned order.

Speaking in debates, N.M. Kaplenko, chairman of the "Iskra" Kolkhoz of Krasnodarskiy Kray, criticized the top levels of power in the country and asked: Why were there neither representatives from the CPSU Central Committee Bureau for the RSFSR nor top officials of the union government at the congress? The delegates demanded a mandatory meeting with one of the top leaders of the country. It turned out that N.I. Ryzhkov, chairman of the USSR Council of Ministers, could meet with the delegates on 27 April. It was decided to extend the work to the next day and invite N.I. Ryzhkov to the congress. The chairman of the USSR Council of Ministers participated in the work of the congress on the second day.

Speakers in debates, V.A. Zinchenko, chairman of the Kolkhoz imeni Lenin of Zernograd Rayon, Rostov Oblast; Yu.A. Yushkov, chairman of the Kolkhoz imeni Kirov of Perm Oblast; V.I. Chumak, representative of rural leaseholders; V.M. Zatserkovnyy, director of a meat processing plant in Moscow Oblast; and others, emphasized that peasant labor, which enjoys respect throughout the world, is for a number of reasons still deprived of the proper prestige in our country. This is reflected in the pensions of rural laborers, their supply of goods, and the living conditions as a whole. That is precisely why the rural areas continue to become deserted, the land becomes depleted, and many billions in investments do not yield a return.

The structure of agricultural production and its volumes are still determined from above, and capital investments directly for development of kolkhozes and sovkhozes are being reduced. Enterprises of the food and processing sectors of industry are in even worse shape.

Recently they have proclaimed the multi-structured nature of the agricultural economy. Speakers A.V. Shumskiy, chairman of the "Kazminskiy" Kolkhoz of Stavropolskiy Kray; V.I. Gusenkov, leaseholder at the "Bereyskiy" Sovkhoz of Moscow Oblast; A.M. Yemelyanov, president of the Association of Peasant Farms and Cooperatives of Russia and VASKhNIL academician; M.A. Chatrayev, chairman of the Kolkhoz imeni Ordzhonikidze of Dagestan ASSR; and others emphasized that they approve of the policy of diversity in forms of economic management. There is enough work in the agroindustrial complex for everyone: the kolkhoz farmers, sovkhoz workers, cooperatives, leaseholders, and peasant farms. There should not be opposition and conflict between kolkhozes and sovkhozes on the one side, and farmers on the other. They are all doing the same job. Kolkhozes and sovkhozes should give agricultural cooperatives and peasant farms assistance and support in every way possible. Without this at first they simply cannot survive.

But what can a kolkhoz share with a farmer today if the kolkhoz itself receives one or, in the best case, two tractors for 3,000-4,000 hectares? Motor vehicles are sold to the rural areas even less frequently. There are practically no construction materials.

The director of the "Zarechnyy" Sovkhoz of Gorkiy Oblast, M.Ye. Krylov, cited a number of facts of the disastrous state of today's peasants. The rural area has always been the city's blood donor, he said, but now it is in need of resuscitation itself. I.P. Shabunin, chairman of the Volgograd Oblispolkom; R.B. Aseyev, chairman of the "Luch" Kolkhoz of Bashkir ASSR; V.I. Shtepo, general director of the "Volgodon" Production Association of Volgograd Oblast; and T.F. Tereshchenko, chairman of the "Pobeda" Kolkhoz of Tyumen Oblast, talked with great concern and alarm about the need to increase purchase prices for agricultural products and to improve the entire system of price formation, insurance,

and taxation. It is completely clear, the speakers emphasized, that we cannot talk seriously about establishing a multi-structured agricultural sector without strengthening the material and technical base of the rural areas, the service sector, and the agricultural product processing sector as quickly as possible.

The question was sharply raised about the arbitrariness of financial bodies, driving peasants into the harsh grips of farfetched instructions.

The discussion of outdated methods of managing the agrarian sector of the economy was combined with specific proposals on how to escape the vestiges of the administrative-command system. Yu.G. Gromov, chairman of the Kolkhoz imeni Kirov of Astrakhan Oblast, talked about this. In his opinion, it is simply harmful to command agriculture, even if this is done on the level of one farm. The processes in the rural areas can be managed by only one method—with the help of economic interests.

Ye.I. Sizenko, first deputy chairman of the RSFSR Council of Ministers, spoke at the congress about the need to change the investment policy and to grant the republic greater independence in resolving the problems of the agroindustrial complex.

N.I. Ryzhkov, member of the CPSU Central Committee Politburo and chairman of the USSR Council of Ministers, addressed the congress of the Union of Agrarian Workers Russia.

The congress adopted the decision to create the Union of Agrarian Workers of Russia.

Through its representatives in the soviets of peoples deputies, the new socio-political organization will participate in managing state affairs and shape public opinion on problems of the rural areas and the agroindustrial complex. Expressing the interests of the peasantry, the union intends to direct its activities at increasing the efficiency of agricultural production and implementing a new social policy in the rural areas to strive for peasants to be granted the right to choose for themselves the most acceptable forms of economic management. The union's task is to instill and strengthen in the people's consciousness a conviction of the special importance of peasants in the state and society and to intensify their participation in the country's political life. In accordance with the RSFSR Constitution, the union and its council have the right of legislative initiative.

The union intends to work in close contact with the RSFSR Supreme Soviet's commissions, the RSFSR Council of Ministers, other bodies of state administration, and public organizations.

The union will nominate from among its representatives candidates for elections to state bodies of power at all levels will be nominated.

Elections of leadership bodies of the union were held. V.A. Starodubtsev was elected chairman of the Union of Agrarian Workers of Russia.

The congress approved the program and charter of the Union of Agrarian Workers of Russia and adopted the Appeal to Labor Collectives of Enterprises of Industry, Construction, Transportation, and Other Sectors of the Economy of the RSFSR.

Participating in the work of the founding congress of the Union of Agrarian Workers of Russia were V.I. Vorotnikov, member of the Politburo of the CPSU Central Committee and chairman of the Presidium of the RSFSR Supreme Soviet; Yu.A. Manayenkov, secretary of the CPSU Central Committee; and senior officials of the CPSU Central Committee, the USSR Council of Ministers, the RSFSR Council of Ministers, ministries, and departments.

**Participants Call for Aid to Rural Areas**  
**904B0239B Moscow SELSKAYA ZHIZN in Russian**  
**2 May 90 p 3**

[Text of Appeal of Congress of Agrarian Workers of Russia to Labor Collectives of Enterprises of Industry, Construction, Transportation, and Other Sectors of the Economy of the Russian Federation: "The Rural Areas Need Quick Support"]

[Text] Among the many economic problems of the Russian Federation, providing the population food is the most critical. The quality of food products also evokes many reprimands.

Development of lease relations, creation of labor peasant farms, granting cost-accounting independence—all this will have a positive influence on intensifying the activities of kolkhozes, sovkhozes, the processing industry, and the production sphere. The laws on lease relations in the USSR, on land, and on ownership, we hope, will promote this.

Restructuring economic relations in the agroindustrial complex will take time, but it is necessary right now to increase the production of food products, expand their assortment, and increase their quality. But accomplishment of this task depends not only on the results of the labor of agricultural workers.

It is known that one-third of the output of agriculture does not reach the store counters due to losses during harvest, shipping, storage, and processing. The main causes of this situation lie in the shortage of equipment and storage facilities, the backwardness of the production base of processing enterprises, and the personnel shortage during intense periods of cultivating, harvesting, storing, and processing of agricultural products.

Kolkhozes, sovkhozes, and other enterprises of the agroindustrial complex of the Russian Federation annually experience a 20- to 30-percent shortfall in the delivery of tractors and motor vehicles. Problems of

providing rural workers high-capacity equipment that meets current requirements are resolved slowly. Many machine building enterprises do not accept for execution and do not conclude contracts for delivery of machinery and equipment for the entire volume of the allocated quotas.

The production of equipment for food enterprises not only is not increasing, but for individual types is even decreasing. For many years, only 15-30 percent of the orders for refrigeration equipment were being satisfied. Trade is receiving only 25 percent of packaged products due to a shortage in equipment and packaging materials. And this leads to direct losses in these products.

Agricultural workers are now conducting field work and preparing to harvest the crops. They will try to do everything they can to increase food resources already in the current year. Unfortunately, most of the kolkhozes and sovkhozes are experiencing critical shortage in labor resources at the most intense periods of work—during the spring planting and particularly during harvest. This primarily affects farms which are involved in raising sugar beets, potatoes, vegetables, fruits and berries, and feed crops. The participation of collectives of enterprises, organizations, and institutions of cities and worker settlements, and students in agroindustrial production has dropped sharply in recent years. Losing hope of receiving labor resources from the cities and worker settlements and not counting on timely completion of agricultural work, kolkhozes and sovkhozes plan to decrease the area planted in potatoes and vegetables in order to avoid unjustified costs.

In these conditions, it is impossible to correct the situation that has taken shape just by the demands of the city dwellers on improving food supply.

We call upon soviet and economic bodies, the leaders and soviets of labor collectives of enterprises, organizations, and institutions of cities and worker settlements of the Russian Federation, jointly with the agroindustrial formations, to immediately join in the work for technical re-equipment of enterprises of the agroindustrial complex and to assist them with labor resources.

We appeal to the collectives of enterprises of industry, construction, transportation, and other sectors of the economy, institutions, and educational institutions to determine their specific contribution to fulfilling the Food Program and take concrete steps to assist kolkhozes, sovkhozes, and processing enterprises of the agroindustrial complex.

We appeal to the leaders of the mass media to include the question of helping the rural workers among the topics of paramount importance when covering the problems of our domestic life.

There is no time to be lost. If we let the spring and summer of this year slip away, this will mean another year of interruptions in the supply of food to the population, another year of a tense situation in our society.

Our congress perceives with great pain the tragedy at the Chernobyl Nuclear Power Plant and the situation associated with it. It is a nationwide disaster affecting the fates of millions of people. The Agrarian Union of Russia will assist and help in every way possible in resolving the problems of the Chernobyl disaster and in eliminating its consequences.

**We call upon labor collectives of all sectors of the national economy, public organizations, and every person to whom the welfare and future of our country is dear to respond to this appeal.**

**Vlasov at Meeting of RSFSR Rural Deputies**  
904B0239C Moscow SELSKAYA ZHIZN in Russian  
17 May 90 p 2

[Article by Yu. Baklanov: "In Favor of Priority to the Rural Areas"]

[Text] Before the start of the First Congress of People's Deputies of the RSFSR, rural deputies go together to work out a unified program of actions. The group of rural deputies included more than 200 people, including representatives of other sectors of the economy. They all consider providing the population with food to be the most important social and political task which, in the opinion of all gathered together in the conference hall of the Hotel Rossiya, the new government of the RSFSR has to resolve.

The deputies familiarized themselves with the draft concept of development of the RSFSR agroindustrial complex for the 13th Five-Year Plan and adopted a decision to include the agrarian question on the agenda of the congress. A presidium of the group of deputies was elected. A.V. Vlasov, chairman of the USSR Council of Ministers attended the meeting. As we know, he has been nominated for the post of chairman of the RSFSR Supreme Soviet. In connection with this, the rural parliamentarians asked A.V. Vlasov a number of questions about his position on painful problems of development of the agroindustrial complex.

He emphasized in his answers that he favors giving priority to the rural areas, increasing investments in the agroindustrial complex, and ensuring true political and economic sovereignty of a renewed Russian Federation.

#### **Importance of Non-Chernozem Zone in USSR Agricultural Development**

**Regional Leader Invites Settlement, Participation**  
904B0205A Moscow SOVETSKAYA ROSSIYA  
in Russian 3 Apr 90 Second Edition p 1

[Interview with Aleksandr Vasilyevich Aleksankin, chairman of RSFSR Non-Chernozem Gosagroprom [State Agroindustrial Committee] and deputy chairman of the RSFSR Council of Ministers by I. Yelistratov and V. Mikhaylov: "The Land is Calling"]

[Text] The RSFSR Council of Ministers has passed a resolution on additional measures in 1990-1995 to attract permanent residents for the rural areas of the RSFSR Non-Chernozem Zone from among city dwellers and workers in settlements as well as from regions with surplus labor. What the resolution specifically mentions and what is being done for its successful implementation—this is today's topic of discussion with A. V. Aleksankin, chairman of RSFSR Non-Chernozem Gosagroprom and deputy chairman of the RSFSR Council of Ministers.

[Yelistratov] Aleksandr Vasilyevich, many resolutions of various types directed at the revival of the Non-Chernozem have been passed. What does the new resolution add to them specifically?

[Aleksankin] In addition to the general Zhilye-2000 [Housing] program we must build 175,000 apartments for resettlers. This is a 40 percent increase over the previous number. There will be only modern apartments with the full complement of all conveniences. This will require 3.7 billion rubles. Contract organizations and the region's industry will assimilate 0.9 billion rubles of this amount. Therefore agroindustrial building organizations and the economic method are left 2.8 billion rubles. It is understandable that we must immediately develop our own building industry. By 1995 it is planned to increase the production of components for large-slab housing construction by a factor of 1.5, to double brick production and to increase the output of plant-produced wooden houses sixfold. In 45 plants for ferroconcrete products lines for building materials using local raw materials are being installed. A hundred new brick plants are being built and new forest raw materials bases are being developed.

The situation is more difficult as concerns necessities for the autonomous survival of the village house—this includes boiler equipment, cleaning equipment and much, much else. Here we cannot manage alone. For this reason the resolution foresees recruiting the energy ministry and a number of other union ministries and departments to help.

In speaking about money, about financing, I must note especially that aside from all else we are counting on preserving the population itself. I am convinced that many will prefer to live in their own house rather than in government housing.

[Yelistratov] Resettlement is always tied to psychological difficulties and considerable expenses. How will this be compensated?

[Aleksankin] Already last year the USSR Council of Ministers and then the RSFSR Council of Ministers provided resettlers with considerable benefits. The head of the family is given 2,000 rubles and each family member is given 500 rubles. Moving expenses are reimbursed; in cities the housing is rented. Livestock and poultry and during the first year—feed, can be issued for free by kolkhozes and sovkhozes to the new settlers.

Naturally the resettlers are provided housing, fuel and, if necessary, building materials.

[Yelistratov] Where do you expect the majority of resettlers to come from?

[Aleksankin] People who want to move here can be found in virtually every region of the country, but first and foremost we are counting on the return of those who left Kalinin, Pskov, Smolensk, Bryansk and Novgorod oblasts earlier.

[Yelistratov] The village needs people who are accustomed to agricultural labor, but the resolution discusses extensively attracting city dwellers and residents of workers' settlements...

[Aleksankin] We are basing this on a realistic situation. There are regions in which the rural population has remained plentiful, but even there the surplus of manpower is not great—it will not cover our entire need. So whether we want to or not we must depend on city residents. Incidentally, many of them dream about returning or moving to the land.

As for qualifications, experience has shown that city residents who truly want to put out roots in the village very soon begin to work no worse than village residents and achieve high results.

[Yelistratov] Now tell us about where you are sending resettlers.

[Aleksankin] In terms of geography, we have our own guide to follow. For example, Kalinin Oblast is getting ready to accept 18,000 families, Novgorod Oblast—13,500, Smolensk—about 12,000, Vologda and Moscow—about 9,000 and Arkhangelsk—7,500. We hope that the general increase will comprise 128,000 families.

The resettlers will work primarily in public production and naturally we are now trying to move it to a contemporary scientific-technical level—a program of technical reequipping and complex mechanization of the work place has been developed and is being implemented.

At the same time, as prognoses show, a significant portion of city residents are interested primarily in leasing and farming. We are not opposed to this; under the specific conditions of the Non-Chernozem these forms can be extremely effective and we, I am speaking of the agroprom organs, will cooperate in confirming the new forms of property. By the end of the current year it is planned to set up and provide equipment for over 1,800 independent peasant enterprises. We will distribute them on a competitive basis and understandably local residents will also have the right to participate in this competition if they so desire.

[Yelistratov] One last question. Up until now you have spoken primarily of internal reserves. They undoubtedly exist and should be implemented. The question

remains—does the government make supplementary allocations for the Non-Chernozem? If yes, then in what amount?

[Aleksankin] This year from central sources we will receive 2.25 million rubles to build intra-enterprise roads and 533 million rubles for new sovkhozes and processing enterprises. We still retain differentiated price supplements for agricultural products—they will provide over a billion rubles for us. Locally in some specific cases it is possible to render aid to weak enterprises to develop the social infrastructure. We have been strongly supported by material resources, especially building materials. At the same time we would like the village to have more of a priority not only in words, as sometimes happens, but also in deeds as compared to other branches of the economy.

#### Regional Leader Discusses Problems, Prospects

904B0205B Moscow SELSKAYA ZHIZN in Russian  
25 Apr 90 p 2

[Article by A. Aleksankin, deputy chairman of the RSFSR Council of Ministers and chairman of Non-Chernozem RSFSR Gosagroprom: "Region of Increased Attention"]

[Text] The Russian spaces are vast, but I would like to focus on the RSFSR Non-Chernozem Zone, referring to it as a region of increased attention. Why increased? A great deal was said and written about this at one time—the unused possibilities of local fields and farms with the concentration here of 44 percent of the industrial potential of the entire republic; the material and manpower losses not only during the years of the Great Patriotic War but also during the period of libertarianism and the administrative system...In other words, even today in most of the oblasts here the acute shortage of manpower is exacerbated by the poor development of the material-technical base of production.

However, today it is not enough to photograph the negative facts and to find reasons for justifying all types of disorder. It is appropriate to mention that during the last few years in this region not that little has been done to reclaim lands, to implement the special Zerno [Grain], Korma [Feed], Belok [Protein] and Myaso [Meat] programs and to assimilate scientific systems of farming and livestock raising. As of yet we cannot speak of a large return on agricultural products, yet average annual gross production increased by 9 percent as compared to the levels of the preceding five-year plan. Here qualitatively-revitalized fields (drainage, planning, cultivation technology, sowing of grasses), which make up 10 percent of the area introduced into crop rotation yield one-sixth of the region's agricultural production. In Moscow, Orel and Ryazan oblasts and Mari and Chuvash ASSR's positive changes are probably more noticeable.

I am not going to make any production recommendations—the times of administrative decrees have receded irretrievably into the past—but life itself, local orders

and an urgent situation in a number of enterprises reveals considerably those who need especially close attention. Let us look at the radical restructuring of feed production. Today legume-cereal grass mixtures are sown on almost eight million hectares. There has been a practical expansion of seed farming of grasses; moreover, the production of clover seed has doubled. This year the area in perennial legumes will reach 4.5 million hectares. In addition there will be 100,000 hectares of corn for grain. I think that finally a solid foundation is being laid for farm productivity—a reserve of various feeds rich in vegetable protein and in sugar.

In the grain industry more attention is being given to the introduction of intensive technologies. On the basis of the implementation of programs on the intensification of potato and vegetable farming and of strengthening and developing specialization we hope to decisively correct the situation in these lagging branches of farming as well. The situation still remains critical in flax production—plans for flax procurement have not been fulfilled for 4 years of the five-year plan and the quality of the raw material leaves something to be desired. The processing and storage of flax products is being hindered by a poor production base. Yet on fields where two scientific-production and 23 production systems have been developed and are working successfully the productivity of the fiber increased to 10 quintals per hectare and of flax seed—to 6 quintals per hectare.

In general, if we speak about the industrial processing of agricultural products this remains the trouble spot. There is an urgent need for production capacities, but the enterprises of this branch are equipped with obsolete equipment to such a degree that it is difficult to even remain on the low level that has been achieved. This is why during this five-year plan double the resources will be invested in the processing branch than during the 11th Five-Year Plan. There have been changes in the modernization, renovation and technical reequipping of capacities, but not everywhere by far. Effective measures are being taken to strengthen processing and the comprehensive and efficient use of raw materials. Incidentally, because of this in 1989 growth in production output equalled over 96 million rubles. In Kaluga, Pskov and several other oblasts 40,000 square meters of production area were found in incompletely-built and empty buildings and confectionary items began to be produced here. In committee enterprises the production of modular sections for small-capacity shops was organized. The planning and building of cheese and canning shops and other processing objects nearer to fields and farms is being carried out through their own efforts. By 1993 we will realistically secure the region's population with cheese and some other food products according to scientifically-based norms.

Of course it is too early to boast of accomplishments, but we are still happy about the fact that new management conditions considerably affect the strengthening of the region's village economy. The profits achieved by enterprises in 1989 exceeded the level of the preceding year by

200 million rubles. Whereas in 1987 there were 1,713 unprofitable kolkhozes and sovkhozes, last year there were only 73.

The social restructuring of the Russian village is being carried out today more persistently and aggressively. The state Dorogi [Roads] and Gaz [Gas] programs are being implemented. More housing, schools, children's pre-school institutions, clubs and houses of culture, hospitals and clinics and other objects within the social sphere are being built.

It is understandable that the Non-Chernozem Zone is far from a final solution to all its problems. Supplying the region's population with food remains extremely complex, which creates social tension, irritates people and undermines their trust in the reality of the changes that are taking place. Despite individual changes in general the social sphere of the Russian village is still not developed. Much in the Non-Chernozem has been neglected for decades. There is enormous work to be done. But this should not frighten anyone. I repeat, new seedlings inspire justified optimism.

Yes, during the last 30 years the region's village population has decreased by half. One of every five enterprises has its full complement of workers. In addition, whereas in the Baltic republics for every 100 hectares we find 210,000 to 257,000 rubles of fixed production capital, on the average for the Non-Chernozem the figure is 146,000, and in Kirov and Smolensk oblasts this indicator does not even reach 100,000 rubles. Approximately the same picture exists as regards the availability of energy capacities for our enterprises.

Of course the party and government have taken measures to strengthen the agricultural sector's economy in this region. But often allocated material-technical resources were dispersed and not used with the necessary intensity, although there is no basis to refer to the Non-Chernozem Zone as some kind of mystical "black hole" into which the people's millions disappeared without a trace. However, we also cannot claim that in the allocation of capital investments the Non-Chernozem Zone had any noticeable priority. During the last 13 years 123 billion rubles have been assimilated in the zone, i.e., on the average per year during the 10th Five-Year Plan an enterprise received 334,000 rubles, during the 11th—393,000 rubles and during the 12th—436,000 rubles. But let us not forget that a kilometer of paved roads costs a good 150,000-200,000 rubles. One kilometer!

Often with unjustified zeal we referred to the Non-Chernozem as our second virgin lands. Upon examination this was not more than a pretty slogan. The Non-Chernozem Zone never received such massive support through money, equipment and manpower as was the case during the assimilation of the new lands in Kazakhstan and Altay Kray. But the main impediment at all stages of APK [agroindustrial complex] development in

the Non-Chernozem Zone was the absence of a comprehensive approach to dealing with operational and future problems. Here there is an entire tangle of interrelated problems, and RSFSR Non-Chernozem Zone Gosagroprom is called upon to help the village worker untie the knots and achieve a comprehensive solution to the many urgent problems. Of course we could argue about whether this organ is needed. But probably not a single branch is in any condition to function successfully (and this is confirmed by world practice) without a central management organ, especially such a specific one like the Non-Chernozem APK. I will also note that the selection of a committee as an independent structural organ was accompanied by a significant curtailment in the apparatus. The apparatus became simpler, more mobile and more goal-oriented; it is oriented toward the coordination of work to develop the region's APK, to eliminate existing problems and to achieve a stable increase in the food fund. Most importantly, there is authority in the area of planning, financing and material-technical supply within the sphere of restructuring the agroindustrial complex, radical reform of the economy and management, and the introduction of progressive management forms. The basic directions for the activities of the committee are found in the Comprehensive Program of Economic and Social Development of the RSFSR Non-Chernozem Zone for 1991-1995.

The Bases of Land Law have gone into effect. The law, which gives the right to manage freely and to receive land in perpetuity, will actually emancipate peasant labor. But all of this cannot be done immediately, in one fell swoop. What will it be like, this path from the desired to the actual? Here we have the development of lease relations, the organization of farmer enterprises, and family and other forms of contracts. Here strong, and we mean strong, kolkhozes and sovkhozes will remain the foundation of the agricultural sector, as before. Of course time and practical experience will themselves select the needed, advantageous and effective forms of management. I know that there are hotheads who would sweep away past experience completely, and in particular the kolkhoz structure. But I believe that a skilful and creative use of the possibilities of kolkhozes, in conjunction with other forms of management, will make a considerable contribution to our common granaries.

Peasant (farmer) lease enterprises are a good supplement to the public potential of kolkhozes and sovkhozes. They are especially effective in our region with its small villages, finely-contoured landscape, and natural haylands and pastures located in areas that are difficult to reach. Today in the zone there are over 25,000 lease collectives in which over six billion rubles of production capital are concentrated. Four hundred fifty eight peasant (farmer) enterprises have been developed. People in Orel, Pskov, Yaroslavl and Perm oblasts are actively engaged in this work. By the end of the year the number of such enterprises will exceed 1,800. It is planned to transfer them to leasing on a competitive

basis. If they become the model, the most effective form of labor organization that is new to us will be perfected here.

Our search is not limited to our own practices. We are trying to take from abroad everything that can be used most effectively under local conditions. We already have agreements with business circles in the Netherlands in terms of utilizing the experience of Dutch farmers. The goal is not only to create prosperous family farms but also to develop an economic mechanism of cooperation between farmers and kolkhozes and sovkhozes and the creation of a base educational center. In Moscow Oblast in Rogachevskiy Sovkhoz the work of three Soviet and three Dutch farmers has been planned. Each farm will have a residential house, 40 hectares of land, a shed for equipment, a GSM [Fuel and lubricating materials] storehouse, facilities for 50 dairy cows (pedigree) with the necessary technological equipment, a manure storage facility, a set of agricultural machines and so forth. Roads will be built to it and gas and telephone lines will be laid. There is one more proposal from the Dutch side. According to the principle of cooperatives (the farmer's union) they propose to create 70 farmer enterprises for milk production, 30 for potato production and 4 for hothouses in Yaroslavl and Moscow oblasts.

In the rural Non-Chernozem the cooperative movement is gaining strength. Cooperatives for the production of agricultural products have been joined by 455 kolkhozes and sovkhozes of the zone and by 500 industrial enterprises. Conditions are mutually advantageous—enterprises invest their resources in the development of enterprises and carry out housing and production construction and other enterprises supply collectives with meat, milk and other products.

Of course the basis for supplying the APK with manpower is the overall development of the social sphere of the village, the creation of the essential conditions for securing the basic population and attracting city residents and workers from settlements for permanent residence in the village.

Non-Chernozem Gosagroprom, in accordance with scientific predictions and specific requests, hopes to resettle 128,000 families in lagging and distant enterprises in 1990-1995. Naturally at the center of our attention here is the acceleration of construction of well-situated housing and cultural-consumer objects for resettlers. Through the efforts of our own organizations we plan to introduce 440,000 apartments by 1995. We are increasing the capacities of the building industry at an accelerated rate, having increased the production of components for large-slab housing construction by a factor of 1.5, of bricks—by a factor of 2, and of plant-manufactured wooden houses—by a factor of 6. In 45 plants producing ferroconcrete items we will begin to produce building materials using local raw materials. Ninety six small brick plants, and a plant for light metal parts will be built and the production of roofing materials such as tile and shingles is being organized. Of

course housing will be like city housing, with electricity and heat, sewage systems and running water, and gasification. Moreover, all of this will be achieved according to both centralized as well as to autonomous schemes.

Good experience has been accumulated in Orel Oblast. Here the so-called Program-100, which foresees the implementation of the multi-faceted fortification of 112 economically-weak enterprises during the current five-year plan, is being successfully implemented. In general multi-faceted fortification of 1,700 lagging kolkhozes and sovkhozes is taking place in the region according to the Vozrozhdeniye [Restoration] Program.

Do not misunderstand me by thinking that I am trying to present the present only in positive terms. Let us not forget, for example, that right now 60 percent of field workers and 70 percent of livestock farmers in the RSFSR Non-Chernozem Zone are involved in manual labor. Even now machine builders do not take into account the specific, severe conditions of the region. Right now it is still necessary to make do through our own efforts, having organized in our own enterprises the manufacture of 60 types of fairly simple machines for the mechanization of farms. The chiefs—the industrial enterprises—are also helping. The creative ideas of amateur designers have been included in the production of small-capacity equipment. However, it is not possible to use these measures to fully compensate for the incomplete work of machine builders. We are counting on an acceleration of the implementation of an interbranch program to produce small-capacity mechanisms for lessees, cooperatives and peasant enterprises.

I think that more favorable conditions have been created for the effective and purposeful solution to problems that arise in the Non-Chernozem APK, for the coordination of efforts and for cooperation in the activities of agroindustrial formations. The participation of science and progressive practice in supplying farming and livestock raising with varieties of plants and breeds of livestock, in the selection of equipment and forms of organization of labor and management and in increasing the effectiveness of the economies of enterprises is becoming more objective. I am convinced that age-old traditions of life and management on the land and our historical and cultural legacy will have an effect on the overall revitalization of the Russian village. The village is that sphere of national life in which a foundation is being laid for the physical, moral and spiritual health of the country.

**Agrarian Congress Meets**  
904B0205C Moscow SELSKAYA ZHIZN in Russian  
4 Apr 90 p 3

[Article: "On the Congress of Agrarians of Russia"]

[Text] Yesterday, on the initiative of the All-Russian Kolkhoz Soviet, RSFSR Gosagroprom and RSFSR Non-Chernozem Gosagroprom, a meeting was held of the organizational committee for the preparation of the

All-Russian Congress of Agrarians. At the meeting it was decided to hold the congress on 26 April in Moscow, at which a union of Russian agrarians will be formed. A council for the agrarian union will also be elected and the program and statute will be approved.

Norms for presenting delegates-agrarians for the congress were determined. They will be selected on a broad democratic basis in oblasts, krays and autonomous republics.

#### Letter Endorses Private Farming

904B0205D Moscow SELSKAYA ZHIZN in Russian  
3 Apr 90 p 1

[Letter by A. Redin, Lebedyanskiy Rayon, Lipetsk Oblast: "Let Us Remember the Faithful Horse"]

[Text] In the RSFSR's Non-Chernozem Zone as well as in other places there are many neglected pieces of land. Entire villages of boarded-up houses stand abandoned. How can they be revived? I think that the only way that this can be done is through the recreation of the individual peasant farm enterprise.

There is a shortage of special equipment for this purpose. It must be produced. But we should not waste time waiting for it to appear. I am convinced that people who want to work in the fields will be found. There should be no limitations for producers of agricultural products as regards the number of horses they have. It is possible to organize the production of harnesses, wagons, plows and power-driven threshers fairly quickly.

#### AGROTECHNOLOGY

**Figures Depict Grain Production In Volga Region**  
904B0257A Saratov STEPNNYE PROSTORY  
in Russian No 5, May 90 pp 12-14

[Article by L.Ye. Belokopytova, Candidate of Economic Sciences, A.I. Sinchugov, senior scientific worker and Candidate of Agricultural Sciences, V.M. Rossoshanskiy, senior scientific worker and N.N. Biryukov, scientific worker at the Volga NIIIEO APK: "Effectiveness of Grain Production in the Volga Region"]

[Text] The Volga economic region is the largest grain production zone in Russia. Grain crops are cultivated on more than 13 million hectares, or 20 percent of the republic's overall total of grain crop sowings.

Both the region and the entire country are confronted by the task of increasing the grain production volume by twofold. Only if this is done will we be able to satisfy our requirements for food products and forage and eliminate the importing of grain.

However, studies have revealed a negative trend in the grain production economy over the past 15 years. The grain crop sowing areas are declining in size. During the years of the 12th Five-Year Plan alone, the grain crop areas decreased by five percent compared to the level for

the 11th Five-Year Plan. The productivity is practically at the same level, while the production cost has increased from 5-6 rubles per quintal in 1975 to 12-14 rubles.

Let us examine the potential for increasing the grain production volumes, using farms in Penza Oblast as an example.

Table 1. Average Annual Grain Crop Productivity in Volga Region, quintals per hectare

Regions	1976-1980	1981-1985	1986-1988	1986-1988 in % of 1976-1980	1986-1988 in % of 1981-1985	1981-1988 in % of 1976-1980
RSFSR	15.3	17.7	17.0	111.1	96.6	-
Volga region	14.4	12.7	13.2	91.7	103.9	89.6
Astrakhan Oblast	10.6	11.0	14.1	133.0	128.2	133.0
Volgograd Oblast	13.8	10.0	14.3	103.6	143.0	87.7
Kalmyk ASSR	13.4	10.2	10.8	80.6	105.9	78.3
Kuybyshev Oblast	15.9	13.6	13.6	85.5	100.0	86.8
Penza Oblast	14.8	14.0	14.0	94.6	100.0	89.8
Saratov Oblast	12.3	10.6	10.3	83.7	97.2	85.4
Tatar ASSR	16.1	17.3	14.8	91.9	85.5	96.8
Ulyanovsk Oblast	18.8	16.9	17.5	93.1	103.6	89.0

As can be seen in Table 1, during the 11th Five-Year Plan and for three years of the 12th, the productivity level for grain crops in Penza Oblast, similar to the Volga region, was lower than that for the 10th Five-Year Plan. Moreover, although for the economic region as a whole there was a small increase in productivity (3.6 percent) in 1986-1988 compared to the level for the 1981-1985 period, no such increase was observed for Penza Oblast during this period. For the past 13 years, the oblast has occupied third or fourth place in the region for grain crop productivity. Grain production is profitable with the exception of those years considered to be especially dry. However, the profitability level for grain production on the whole lags considerably behind the level for the Volga region. Thus, whereas the maximum level for the region in 1970 and 1983 was 119 and 79 percent respectively, for the oblast it equalled 117 and 61 percent during these same years. And conversely, where there were minimal values for the zone of 15.6 (1975) and 19.6 (1980), grain production here was unprofitable during these years.

The oblast occupies one of the first three places in the region in terms of the index for quality and yield for its arable land, the amount of productive moisture in the 1-meter soil layer during the spring and the amount of precipitation during the growing season and it surpasses the average zonal indicators in this regard by 1.2, 1.1 and 1.3 times respectively. In other words, all of the conditions for obtaining high yields are available here.

The solution for the grain problem lies in accelerating scientific-technical progress and introducing into production operations scientifically sound farming systems, intensive technologies and progressive forms for organizing production and labor.

Is not the selection of more productive types and varieties of grain crops, the potential of which conforms to the bioclimatic requirements, included in the mentioned methods for solving the problem?

Table 2. Grain Crop Productivity in Penza Oblast, quintals per hectare

	1976-1980	1981-1985	1986	1987	1988	1986-1988
Grain and pulse crops, total	13.7	12.2	11.7	17.3	12.9	13.5
Including:						
—winter crops	16.8	15.0	16.6	18.2	17.1	16.7
—spring crops	12.2	10.8	8.8	16.8	10.6	11.8

The fact that this oblast is not noted for its spring grain crops is known to both scientists and practical workers. This is borne out by the data in Table 2. As you can see, over the past

eight years the productivity of the winter grain crops was at the level for the 1976-1980 period, exceeding the spring grain crops by an average of 4.6-4.9 quintals per hectare.

Table 3. Productivity of Winter Grain Crops in Penza Oblast Surpasses That For Spring Grain Crops, quintals per hectare, 1986-1988

	Excess of winter wheat and winter rye yields over yields of:					
	Spring wheat	Barley	Oats	Millet	Vetch mixtures	Peas
<b>Natural-economic zones:</b>						
Northwestern	7.7/ 4.7	2.8/ -0.2	5.7/ 2.7	5.9/ 2.9	8.0/ 5.0	9.8/ 6.8
Southwestern	6.1/ 5.7	4.7/ 4.3	4.9/ 4.5	4.9/ 4.5	9.4/ 9.0	9.4/ 9.0
Northeastern	4.9/ 0.0	3.1/ -1.8	6.4/ 1.5	6.1/ 1.2	7.8/ 2.9	10.6/ 5.7
Southeastern	7.6/ 4.0	5.9/ 2.3	7.4/ 3.8	8.6/ 5.0	9.5/ 5.9	9.9/ 6.3
<b>The oblast</b>	6.9/ 4.3	3.6/ 1.0	6.1/ 3.5	5.8/ 3.2	9.2/ 6.6	9.7/ 7.1

Moreover, there was a tendency towards a reduction in productivity in the case of the spring grain crops. Over the past three years (1986-1988), the oblast's average winter wheat yield exceeded the corresponding yields for all of the remaining spring grain crops by 3.6-9.2 quintals per hectare (see Table 3). Rye furnished 1.0-7.1 more quintals of grain per hectare. Even more substantial were the yield differences by natural-climatic zones.

The data furnished reveals that the winter grain crops possess higher potential possibilities than do the spring crops. In particular, the differences in winter grain yields compared to vetch-oats mixtures, peas and spring wheat were considerable. Moreover, of the spring wheats, durum wheat lags sharply behind the grain productivity

of winter crops. During the 1986-1988 period, the average durum wheat yield was less than that obtained from winter wheat: for zone I by 9.8 quintals per hectare, zone II by 7.1, zone III by 6.8 and zone IV by 8 quintals per hectare. For the oblast, the difference amounted to 8 quintals per hectare. At the same time, the quality of the durum wheat grain sold to the state was not very high. Thus, in 1987 and 1988 the oblast's kolkhozes and sovkhozes sold a total of 19,000 tons of durum wheat grain to the state, or 23 percent of the average annual production. The average sales price for one ton was 150 rubles and this corresponded to the sales price for one ton of non-graded durum wheat. That is, the oblast's farms are clearly losing income as a result of growing durum wheat instead of expanding their sowings of winter crops. This is particularly true in view of the fact that high quality durum wheat, if it can be obtained at all, must be obtained in the Volga steppe regions in Kuybyshev, Saratov and Volgograd oblasts rather than under the soil-climatic conditions found in Penza Oblast. Durum wheat is inferior to forage crops in terms of productivity—for barley and oats, by an average of 3.8 and 1.3 quintals per hectare throughout the oblast. This difference is even greater when broken down by zones.

Analysis has shown that during the 1986-1988 period, throughout the oblast as a whole, the adopted scientifically sound structure for the sowing of agricultural crops was not maintained. A study of this question on standard farms in all four zones reveals that the proportion of fallow declined by 1.5 percent, winter crop fields decreased by nine percent and that a reduction took place in the sowings of perennial grasses and pulse crops. On the other hand, increases were noted in the plantings of row crops, spring grain crops and fodder crops. In this regard, it should be mentioned that the grain fields were not as well supplied with valuable predecessor crops, which serve to improve the natural and economic fertility of the soil (see Table 4).

Table 4. Valuable Predecessor Crops For Grain Fields (agricultural soil improvement crops)

	According to accepted farming system	Fact During 1986-1988				1986-1988, in % of scientifically sound
		1986	1987	1988	average for 1986-1988	
Per hectare of grain crops, in hectares:						
Fallow	0.21	0.19	0.20	0.21	0.20	95.2
Perennial grasses	0.23	0.20	0.18	0.21	0.19	82.6
Pulse crops	0.17	0.14	0.14	0.14	0.14	82.3
Row crops	0.33	0.34	0.36	0.32	0.34	103.0

Decreasing the specific weight of perennial grasses in the crop structure is especially impermissible since their humus forming role, which allows us to compensate for a shortage in organic fertilizer, is well known. The supply of organic fertilizers (for a deficit-free humus balance) amounts to only 50 to 60 percent in the oblast.

The factors cited and also some technological ones are having a considerable effect on branch development. It is sufficient merely to mention the fact that during the 1986-1988 period, as a result of failure to observe the grain crop planting structure (a reduction in the proportion of winter crops on the grain fields from 44 to 35

percent), the oblast was undersupplied by more than 1.5 million quintals of grain (see Table 5). The value of this deficit amounted to 20.6 million rubles.

Table 5. Oblast's Average Annual Grain Production Reserve Owing To An Optimum Ratio of Winter Crops for the Area Under Crops, 1986-1988

	Reduction in winter crop areas from optimum ratio, in hectares	Increase in winter crop yields compared to spring crops, quintals per hectare	Increase in gross yield of winter crop grains, in quintals	Total increase in earnings from the sale of additional grain harvested, in rubles
<b>Oblast zones:</b>				
Northwestern	41433	5.1	209260	2787343
Southwestern	21537	5.9	127347	1696262
Northeastern	12415	2.9	35949	478841
Southeastern	22365	6.4	142740	1901297
Oblast	97750	5.3	515296	6863743

Over the past three years, for one reason or another, the losses in winter wheat (up to 46 percent of the sowing areas) have exceeded those of winter rye (17.5 percent) (see Table 6). Thus the sowings of winter crops in the oblast should be expanded by means of rye. This is particularly true in view of the fact that with the introduction into production of the latest varieties of Saratov plant breeding, the latter may furnish yields which are not only not less than wheat but in fact even higher than it. This was noted by production workers during the 1980-1988 period. The oblast's rye sowings increased from 127,100 to 398,000 hectares. However, this expansion took place by means of an appropriate reduction in the proportion of wheat in the overall winter grain crop fields.

Table 6. Loss of Winter Crop Sowings in Penza Oblast, average for 1987-1989 period

Crops	Sown, thousands of hect- ares	Ploughed, thou- sands of hect- ares	% of crops lost
Wheat	175.4	80.8	46.1
Rye	392.1	68.8	17.5
Total	567.5	149.6	26.4

In order to increase grain production sharply and raise its effectiveness throughout the oblast, in addition to improving the overall culture of farming and raising the purchase prices for wheat and rye, it will be necessary to raise the proportion of winter crops in the structure of the grain sowing areas to 50-52 percent. In the process, the overall area of grain crops can be reduced by 4-5 percent with no harm being inflicted upon the gross yields of grain (they may even increase). The area thus made available will amount to 100,000-125,000 hectares. It would be best to use this area for additional fallow (50,000 hectares) and perennial leguminous grasses (50,000-75,000 hectares). The latter will make it possible to improve the predecessor arrangements for the winter crops (and hence raise the productivity), increase the yield of fodder crops and supply approximately 1.5 million tons of farmyard manure needed for augmenting the humus balance in the oblast's soils. Moreover, the overall expenditure of diesel fuel required for transporting the mentioned amount of farmyard manure would be reduced by 3,000 tons. The ecological situation would only serve to gain from this.

An expansion in the sowings of winter crops is a certain means for developing the oblast's grain economy. Only this must be promoted by the organizational-economic conditions, including stimulation of the winter grain crops and a withdrawal from administration by injunction.

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## PERSONAL INCOME, SAVINGS

## Determination of Inflation, Cost of Living, Poverty Line Indexes Discussed

904D01644 Moscow VESTNIK STATISTIKI  
in Russian No 6, 1990 pp 20-29

[Article by V. Guryev, deputy chairman of the USSR State Committee for Statistics, and A. Zaytseva, chief of the Administration of Trade and Services Statistics of the USSR State Committee for Statistics: "Cost of Living, Subsistence Wage, Inflation (Methodology and Analysis)"]

[Text] In recent years, crisis phenomena have become acutely apparent in our economy, the situation in the consumer market and in money circulation has worsened, and inflation tendencies have intensified. To track these processes, statistics has required new approaches to

developing the methodology of determining such indicators as the price index, cost of living, subsistence wage, inflation, unsatisfied demand, shadow (unearned) income, and so forth.

The price-list retail price indexes used earlier in statistics did not reflect the level and dynamics of consumer prices. The basically performed the function of analyzing the process of state price control. In conditions of the transition of enterprises to economic independence and self-financing, the limits of using temporary, seasonal, and contract prices have expanded. In trade, the percentage of goods being produced by cooperatives and persons engaged in individual labor activity has increased, and, as we know, the prices for these goods are influenced by supply and demand.

All this has intensified the differentiation of existing prices and their mobility.

The average prices for individual types of food products and nonfood consumer items are also constantly changing.

The extent of the change in the level of these prices in recent years is indicated by the data in Table 1.

Table 1. Changes in Prices for Food Products

Food Products (in rubles for 1 kg)	1985			1988		
	State and Cooperative Trade	City Cooperative Trade Organization	Kolkhoz Market	State and Cooperative Trade	City Cooperative Trade Organization	Kolkhoz Market
Meat (including poultry meat)	1.79	3.82	4.81	1.84	3.87	5.06
Sausage products	2.38	5.94	-	2.61	6.68	-
Animal oil	3.42	6.59	7.71	3.42	6.80	7.99
Vegetable oil	1.56	1.97	2.95	1.55	2.17	3.12
Eggs, for 10	1.03	1.00	1.20	1.03	1.03	1.13
Potatoes	0.15	0.39	0.56	0.17	0.46	0.72
Vegetables	0.34	0.78	1.32	0.39	0.97	1.36
Fruits, berries, melons	0.83	1.43	1.93	0.79	1.54	2.21

In the total sales volume of food products, state trade accounts for 68 percent, cooperative trade 27 percent, and the kolkhoz market 5 percent. The sale prices of products in state retail trade, cooperative trade, and on the kolkhoz market differ significantly. For example, in 1988 the population paid 5.7 billion rubles more for products purchased on the kolkhoz market than the cost of these products in state trade.

The prices for nonfood consumer items also changed during these years, as shown in Table 2.

Table 2. Changes in Prices for Nonfood Consumer Items

Nonfood Consumer Items (in rubles per item)	1985	1988
Fabric, per meter		
Cotton	1.49	1.39
Wool	13.56	14.74
Silk	5.24	5.07

Table 2. Changes in Prices for Nonfood Consumer Items (Continued)

Nonfood Consumer Items (in rubles per item)	1985	1988
<b>Wool garments</b>		
Overcoats and short coats		
Winter coats	140.70	166.03
Spring or fall coats	130.03	158.98
Women's coats		
Winter coats	208.28	271.13
Spring or fall coats	140.83	158.38
Men's suits	114.65	134.47
Men's trousers	31.89	34.57
Knitted wear	6.91	6.72
Leather, textile, and composite footwear, per pair	15.86	15.18
Color televisions	643.99	713.19
Black and white televisions	229.10	216.78
Watches	23.64	24.03
Refrigerators and freezers	288.11	316.83
Washing machines	94.61	94.58
Sewing machines	142.04	149.03
Bicycles, mopeds, and motorized bicycles	77.60	81.52

The average price indexes, calculated in parallel with price-list retail price indexes, also have not fully resolved the problem. The average price index disengages itself from the objective reasons for price changes—it takes into account changes in the correlations of the proportions of individual goods differing in price levels according to the type, grade, and quality, that is, assortment and structural changes. This index takes into account rises in prices for goods both due to unfounded (hidden) price increases and due to their actually new quality or increased consumer characteristics.

In order to objectively establish real price changes, in 1989 they began calculating an index in statistics based on recording prices of representative goods; this index represents not only price changes made legislatively, but also the introduction of temporary and contract prices, the appearance of new types of products, and other price changes.

The recording of prices showed that prices had increased for virtually all nonfood consumer items.

The price increase varied quite a bit for certain goods. For example, for rugs, school notebooks, office supplies, radios, musical instruments, and sporting goods, the price level in 1989 was 0.3-1.7 percent higher than in 1988. A more substantial price increase of 4 percent was recorded for clothing, underwear, knitted wear, and leather footwear, which was linked to the expanded use of contract and temporary prices and the establishment of higher

prices for so-called new products, which practically did not differ at all in quality from the earlier produced, lower-priced products. On the whole, the price index for light industry goods in 1989 was 103.7 percent compared to 1988.

Prices for synthetic detergents were three percent higher in 1989 than in 1988; here, of course, the arrival of imported laundry powder had a great effect on the price increases, since the price for it was considerably higher than for domestic powder. The price level for durable goods was also an average of 2 percent higher than in 1988, and 3.9 percent higher for furniture. Prices for printed products, mainly books, were 4.4 percent higher.

Prices for food products increased an average of 0.7 percent. Prices for the majority of food products had remained unchanged for two years (1988 and 1989), particularly for all types of meat products, fats, fish products, dairy products, eggs, sugar, bread and bakery goods, and so forth.

At the same time, the price for potatoes rose noticeably by 13.2 percent, vegetables by 5.7 percent, and fruits, including grapes, citrus, and melons, by 11 percent. The new procedure for setting prices for these products also had an effect—the right of agroindustrial organizations to establish prices based on contract purchase prices; free setting of prices by sovkhozes and kolkhozes for products sold at fairs against plan obligations for delivery of them to trade; and the introduction of contract prices in a number of regions.

The free price index, calculated based on the recording of prices of representative goods, reflects the effect of changes in the sales volume of goods through various channels: in state trade; in the network of city cooperative trade stores; on the kolkhoz market; and also the sale of products of cooperatives and individual labor activity. This index eliminates the effect of price changes in connection with assortment and structural changes in volume of products sold, that is, in connection with qualitative changes in products, for which a corrective coefficient has been introduced into this index for the amount of change in product quality. The index is structured on the basis of materials of price surveys regularly conducted for representative products for a fairly wide selection of goods (up to 650 items). They include the most important types of products that occupy the greatest share in sales volume on the consumer market.

Changes in prices established by consumer cooperative organizations (city cooperative trade organizations prices) and prices for products of cooperatives and citizens' individual labor activity are also monitored. The prices and sales volume of agricultural products at city kolkhoz markets are also recorded.

Observing price changes based on representative goods ensures receipt of data on prices in the reporting and base periods necessary for calculating summarizing

indexes for individual groups of products and a free index for the entire volume of consumer goods.

The summarizing price index consumer goods includes changes in prices for all consumer goods of state and cooperative trade, kolkhoz market prices, and product prices of cooperatives and individual labor activity.<sup>1</sup>

The level of prices for the same product in different channels of the commodity distribution network is not the same. Therefore, when structuring the free index, one must pay attention not only to price changes in one or another sphere of trade, but also the change in the percentage of each in the total volume of products sold.

This index is calculated by dividing the goods turnover index in existing prices by the goods turnover index in comparable prices (i.e., the index of physical volume). In doing so, state retail prices of the base period are used as the comparable prices.

An example of the calculation of the free price index (including the kolkhoz market) is shown in Table 3.

Table 3. Free Price Index, Including Kolkhoz Market (in billions of rubles)

	Base Period (1988)	Reporting Period (1989)	Reporting Period in Percentage of Base Period
I. Goods turnover in actual prices of state and cooperative trade	357.2	393.3	
City cooperative trade organizations	9.24	10.14	
Kolkhoz market	9.31	10.10	
Total	375.75	413.54	110.1
II. Indexes of price correlation with state prices for base period:			
City cooperative trade organizations	203	206	
Kolkhoz market	280	295	
III. Goods turnover in state prices for base period:			
State and cooperative trade	357.2	385.8	
City cooperative trade organizations	4.55	4.93	
Kolkhoz market	3.33	3.42	
Total	365.08	394.15	107.9

The free price index, including changes in prices and sales volume of city cooperative trade organizations and the kolkhoz market, is obtained as the quotient of dividing the goods turnover index in existing prices (110.1) by the goods turnover index calculated from the

volumes in unified state retail prices of the base period (the index of physical volume of goods turnover—107.9), i.e.,

$$110.1/107.9 \times 100 = 102 \text{ percent.}$$

The change in 1989 prices compared to 1988 for city cooperative trade organizations and the kolkhoz market is reflected in the price correlation indexes.

The summarizing index of prices and rates for paid services is calculated in a similar manner based on recording prices of the basic types of services provided to the population: personal services, housing and public utilities, cultural institutions, passenger transportation and communications, and so forth.

When determining the overall consumer price index, consolidated indexes of retail prices of goods and rates for paid services are weighed accordingly for the volume of retail goods turnover of state and cooperative trade, including sales by city cooperative trade organizations and on the kolkhoz market, and the volume of services sold to the population during the reporting period.

Taking into account that in the composition of retail goods turnover and paid services, a repeat calculation during the manufacture and repair of consumer goods at personal services enterprises takes place and also that the volumes of sales and services sold by individual enterprises and institutions for noncash transactions, these volumes are excluded from goods turnover and paid services, respectively, when determining the consolidated consumer price index.

The consolidated consumer price index takes into account virtually the entire selection of goods and services for which the population spends money and is widely used when analyzing inflation processes, determining the purchasing power of the ruble, and calculating cost of living indexes.

The cost of living index shows the actual change in purchase prices based on the existing structure of the population's consumer expenditures. It establishes the effect of price and rate changes on the cost of living and reflects, on the one hand, direct price increases not associated with changes in the quality of goods and services and, on the other, price increases resulting from the washing away of inexpensive goods and also hidden price increases with a worsening of quality and selection of goods and services.

The population standard of living is measured based on the price index for consumer goods and services. This index is usually called the "Cost of Living Index." To calculate it, they use budget statistics data on the consumption of food products and goods and services in physical and cost terms for individual population groups and categories, depending on their income level, and also data changes in prices for goods and rates for paid services.

The structure of consumption in different population groups is substantially differentiated; therefore, it is necessary to ensure construction of a scientifically substantiated "basket" of consumption of material wealth

and services for each of them, singling out individual population categories: the elderly, handicapped, single women with children, large families.

They usually distinguish the rational (optimum) and minimum consumer budgets. A rational consumer budget is formed based on scientific norms of consumption of food products and provision with clothing, household goods, cultural and personal items, household articles, and cultural and personal services.

The minimum consumer budget determines that necessary level for satisfying the bare necessities in food, clothing, and housing below which a person cannot exist.

A determining aspect in developing the rational and minimum consumer budget is determining the needs for food products, i.e., the consumer grocery "basket."

To determine the changes in the level of cost of living, in addition to the consumer price index for goods and services, it is necessary to calculate the purchasing power index of the ruble.

It shows the change in the volume of goods and services that can be acquired in trade or the service sector for the same amount of money in the reporting and base periods.

This index is determined from the formula as an indicator opposite the consumer price index for goods and services.

The dynamics of change in the purchasing power of money are characterized by an aggregate index; the purchasing power is characterized by a harmonic index.

Determining the minimum financial security (subsistence wage) of the consumer budget is an important tool in analyzing the population's standard of living.

The social standard determining the minimum financial security is the criterion of estimating the standard of living of the low-income population.

A family's total income is the starting point for calculating the subsistence wage. It includes wages, pensions, stipends, benefits, monetary and other earnings from a private subsidiary farm, and other income counted in the family budget.

Table 4 shows the total income and its use in families of blue-collar and white-collar workers in 1989:

Total monthly income per family member, in rubles	159
Including, in percent:	
Wages of family members	79.1
Pensions, stipends, benefits, subsidies	8.9
Income from private subsidiary farm	3.3
Other income	8.7
Family expenditures, in percentage of total income:	
For food	32.2
For acquiring nonfood consumer items	31.3
For alcoholic beverages	2.8
For cultural and personal services (including apartment rent and municipal services)	10.1
of this, rent and municipal services	2.9
Taxes, duties, and payments	9.7
Other expenditures	5.1

The average blue-collar and white-collar worker family size is three persons; the average number of workers per family is 1.7. The main source of family income of a blue-collar worker is wages. During the period 1985-1989 it increased from 190 to 240 rubles per month.

According to data on the survey of family budgets, the average per capita total income of blue-collar and white-collar workers increased 8 percent in 1989 and was 159 rubles per month.

In 1988, for example, the average per capita total income for all families was 143 rubles; it increased 28 percent compared to 1980 and 13 percent compared to 1985. Significant changes occurred in the distribution of the country's population according to the level of average per capita income.

Table 5. Distribution of Population According to Level of Average Per Capita Income

Per Capita Income	Average Annual Population					
	In millions of people			In percentage of total		
	1980	1985	1988	1980	1985	1988
Total population	265.5	277.2	285.5	100	100	100
Including those with average per capita monthly income in rubles of:						
Under 50	19.3	11.8	8.3	7.3	4.3	2.9
50-75	49.3	37.8	27.7	18.5	13.6	9.7
75-100	61.6	54.8	44.7	23.2	19.8	15.7
100-125	51.8	53.6	50.2	19.5	19.3	17.6
125-150	35.0	41.7	44.9	13.2	15.0	15.7

Table 5. Distribution of Population According to Level of Average Per Capita Income (Continued)

Per Capita Income	Average Annual Population					
	in millions of people			in percentage of total		
	1980	1985	1988	1980	1985	1988
150-175	12.7	28.9	35.0	8.2	10.4	12.2
175-200	12.5	18.6	25.7	4.7	6.7	9.0
200-250	10.9	19.0	28.8	4.1	6.9	10.1
Over 250	3.4	11.0	20.2	1.3	4.0	7.1

In the 1980s, the population with low average per capita incomes decreased systematically, while the population in the high-income groups increased considerably. In 1988, for the first time there were more people with incomes over 200 rubles than with incomes under 75 rubles. Compared to 1980, the number of people with incomes under 75 decreased by a factor of 1.9, or by 33 million, while the number of people in the high-income groups (over 200 rubles) increased by 35 million, or by a factor of 3.4.

In determining the subsistence wage, the following are calculated: the cost of the consumer food "basket;" the cost of the minimum "basket" of nonfood consumer items; and the cost of the selection of a minimum of paid services.

The selection of food products, or the so-called food "basket," is determined according to standards developed by the Nutrition Institute of the USSR Academy of Medical Sciences, shown in Table 6.

Table 6. Selection of Food Products According to Standards Developed by the Nutrition Institute of the USSR Academy of Medical Sciences (average per capita per year, in kg)

Food Product	Rational	Minimum
Meat and meat products	70	54
Milk and dairy products	360	331
Eggs, number	265	234
Fish and fish products	18.2	18.0
Sugar	35.3	25.0
Vegetable oil	13.2	10.0
Potatoes	105	89
Vegetables and melons	140	110
Fruits and berries	75	65
Bread products	115	97

In the calculations, selections of products were used for 12 sex and age groups of the population.

Table 7. Sex and Age Groups Used in Product Selection

Children	Males	Females
1-3 years	18-59 years	18-54 years
4-6 years	60-74 years	55-74 years

7-10 years	75 years and older	75 years and older
11-13 years		
Girls 14-17 years		
Boys 14-17 years		

The cost of the minimum subsistence product selection is calculated according to the average actual prices the population was charged for food in state and cooperative trade, and also taking into account the prices of agricultural products on the kolkhoz market.

In calculating the cost of the selection of nonfood consumer items and the minimum of paid services, expert estimates of consumption of these items and services were used, taking into account the population's actual expenditures for these purposes according to a level of consumption of food products close to the minimum, that is, with an average per capita monthly income of 75-100 rubles.

In doing so, expenditures [Translator note: Russian text reads incomes "dokhody," but should read expenditures "zatraty"] that are not part of the mandatory minimum needs is excluded from the actual expenditures of families with this level of income: alcoholic, tobacco, automobiles, motorcycles, and so forth.

The cost of services consumed by the population for the subsistence wage is also defined as corresponding to the level of their actual consumption in the group of families with a per capita monthly income of 75-100 rubles. The subsistence wage in 1988 was determined to be 78 rubles per month, and taking into account kolkhoz market prices—84 rubles.

It is necessary to conduct regularly an indexation of income, taking into account price increases for goods and services, in order to maintain the existing standard of living of individual population groups, above all, low-income families, single persons, and pensioners, and to prevent a decrease in the subsistence wage.

Indexation of income is the amount the population is compensated for an increase in price levels by controlling nominal incomes (wages of low-income groups, pensions, stipends, benefits). Indexation is done in order

to maintain the level of income as it was at the time the cost of living index changed.

Indexation of income takes place in practically all capitalist countries of Europe and also in the United States, Canada, Poland, Yugoslavia, Hungary, and other countries where free market relations are functioning. Each country adheres to its own concept of selecting the mechanism for indexation of the population's income; however, ensuring social protection primarily for individuals with the lowest incomes remains fundamental.

The amount of the subsistence wage, differentiated by regions of the country, can serve as the basis for establishing regional wage coefficients and other benefits taking into account differences in working conditions and demographic, ecological, and territorial peculiarities.

In the system of measures for studying the population's standard of living, an important place belongs to questions of the statistical study of inflation, the deficit, and the population's unsatisfied demand for goods and services.

Data on the dynamics of the population's monetary income, retail goods turnover, and paid services provided to the population for cash payment, and also the amounts of the population's monetary savings are taken as the basis of calculating unsatisfied demand. The population's monetary savings, as part of unused income, are divided into objectively necessary (normal) and forced. Forced savings are basically associated with an unsatisfied demand for goods and services.

The results of four years of the 12th Five-Year Plan indicate an increase in overall tension in the country's domestic consumer market. On the one hand, this is caused by an increase in the sphere of circulation of a considerable amount of money not covered by goods and, on the other hand, by a lag in the rate of growth of goods turnover and sale of paid services to the population.

*The population's monetary incomes increased by 31 percent during the period 1986-1989, and delivery of goods to trade increased by 23.3 percent. During four years of the five-year plan, 51 billion rubles less consumer goods were delivered to trade than called for by the plan. The increase in volume of retail goods turnover was to a considerable extent ensured by reducing commodity stocks. The retail goods turnover during the four years increased by 80.1 billion rubles (25 percent) in actual prices, with a simultaneous reduction of 15 billion rubles (15 percent) in commodity stocks.*

*For trade as a whole and in the wholesale part of industry, commodity stocks by 1990, compared to 1985, decreased by 38 days, including by 30 days in the retail trade network.*

*This naturally could not but affect the overall condition of sale of goods to the population—a "dearth of goods" and*

*a rush demand for many types of goods. Thus, out of 1,100 types of goods which trade correspondents of the VNIKS [All-Union Institute for Study of the Population's Demand for Consumer Goods and Trade Conditions] monitored in 1989, there were less than 60 types, or only five percent, in relatively free sale without significant interruptions. Whereas in 1986 there were 239 rubles of average annual commodity stocks per 1,000 rubles in the retail trade network goods turnover, there were 215 in 1987, 192 in 1988, and only 173 rubles in 1989.*

*Presently, the population has an increased demand for practically all food products. At the same time, especially in 1989, the shortage of resources of these goods became particularly noticeable. Whereas during four years of the five-year plan the shortfall in deliveries of food products against the planned volume was 12.3 billion rubles, in 1989 alone the shortfall was 5.9 billion rubles, which is 48 percent of the total shortfall in deliveries of these products.*

*The situation that has developed in trade with food products has had a negative effect on prices of city kolkhoz markets, which increased by 19 percent in the four years of the five-year plan that have passed. For potatoes they surpassed the 1985 level by almost 40 percent, for vegetables by 13 percent, and for fruits by 27 percent. Prices for meat products increased by 11 percent and for dairy products by 13 percent.*

*The most unfavorable situation has developed in trade of meat products, animal oil, and fish products. Trade of clothing, footwear, and other light industry goods is taking place in conditions of an acute shortage of commodity resources. With an increase of 26.9 percent (an average of 6.1 percent per year as opposed to a 4.3 percent average annual increase in the 11th Five-Year Plan) in sales of these goods during the period 1986-1989, deliveries increased by only seven percent, and more than one-fourth of these deliveries were from imports.*

*The population's demand for cultural and personal goods and domestic goods is being satisfied on a low level. There are large interruptions in their trade. The stocks of these goods in trade are being reduced.*

By the beginning of 1990, the total volume of stocks of cultural and personal goods and domestic goods was five billion rubles below the established norm, including 1.5 billion (48 percent) for furniture, carpets and carpet items; 0.9 billion (24 percent) for electrical goods and radios; 0.2 billion (36 percent) for motorcycles, motor scooters, bicycles, and mopeds; 0.1 billion (16 percent) for toys and Christmas tree decorations; and 1.6 billion rubles (65 percent) for jewelry.

*The population's need for lumber and construction materials is not being met, despite a more than twofold overall increase in delivery of this group of goods during the years of the current five-year plan. During the period 1986-1989, eight million cubic meters (33 percent of the plan) less industrial timber was delivered to trade than planned; 14*

million cubic meters (32 percent) less lumber; 2.2 million square meters less total area (19 percent) of prefabricated frame houses and parts for them; 2.1 million tons (9 percent) less of cement; and 185 million slabs of slate (one percent) less than planned. Trade in virtually all types of construction materials is strained in conditions of a very critical shortage. The provision of stocks of construction materials in retail trade dropped 1.4-fold during the period 1986-1989; their total volume by the beginning of 1990 was 184 million rubles, or 10 percent, below the established norm.

The total volume of paid services increased 1.5-fold during the four years of the five-year plan and reached 67 billion rubles. In 1989, 233 rubles of paid services per capita for the country as a whole were provided, or 41 percent of the norm of rational consumption. It was lower by a factor of 1.5-1.6 than in the country as a whole in Uzbekistan, Tajikistan, and Azerbaijan.

A shortage of many types of everyday services remains; provision of these services to the country's population is only 32 percent of the norm of rational consumption.

There is a considerable gap between the levels of everyday services for population of urban and rural areas. Provision of everyday services to the rural resident in 1989 was 38.9 rubles, which is lower by a factor of 1.6 than for the urban resident.

In recent years, the cooperative movement has developed on a wide scale in providing everyday services. There were 43,200 cooperatives registered for providing everyday services in 1989 (38,800 as of 1 January 1989); 32,800 of them, or 72 percent of the number registered, were actually operating. There were 567,000 people employed in everyday services cooperatives. The earnings of these cooperatives in 1989 were 3.3 billion rubles. However, the cooperatives could not significantly influence the improvement of everyday services for the population. Cooperative enterprises had to be created as additional enterprises to the parallel existing network of state enterprises providing everyday services. In actuality, the development of the cooperative movement in a number of cases took the path of cutting the existing network of state enterprises providing everyday services and creating cooperative enterprises on their basis. In addition, cooperatives often switched from providing services to the population to filling orders for enterprises and organizations. Thus, the percentage of earnings they received from providing everyday services to the population was about one-half in 1988 and only one-third in 1989.

The following are used for calculating the volume of forced savings: the volume and rate of growth of the population's net monetary income (minus mandatory payments and voluntary contributions); the volume and rate of growth of goods turnover and paid services; and the volume of the population's monetary accumulations.

The population's monetary savings are calculated as a cumulative total, based on the size of their annual increases.

First of all, the years are established in which conditions developed for formation of forced savings, i.e., when the rate of growth of net monetary income outpaced the rate of growth of the total volume of goods turnover and services.

For years in which the increase in monetary income outpaced the increase in goods turnover and services, monetary savings are adjusted according to the rate of growth of goods turnover and services, i.e., the total sum of savings of the preceding year is multiplied by the rate of growth of goods turnover and services.

Forced savings formed in one or another year are the difference between the total sum of savings and the amount of the adjusted savings. The result obtained reflects the annual increases in forced savings.

During a period when the growth of goods turnover and services outpaces the growth of monetary income, i.e., conditions were created for a decrease in forced savings, the volume of these savings is decreased by the amount of the relative shortage of monetary income to form normal (in the situation of corresponding years) savings. This amount is determined by multiplying the actual savings in the reporting year by the percentage of the possible decrease in forced savings. This index is obtained by dividing the rate of growth of goods turnover by the rate of growth of the population's monetary income, i.e., the goods turnover index divided by the income index times 100 minus 100.

Forced savings are retained without adjustment during those years in which the rates of growth of income and goods turnover coincide.

Let us calculate the population's unsatisfied demand which was formed in 1989 based on the proportions that have taken shape in the rates of growth of monetary savings, goods turnover and services, and volume of savings at the beginning and the end of the year (Table 8).

Table 8. Population's Unsatisfied Demand in 1989

	1989
Rate of growth in percentage of 1988	
Monetary income (minus mandatory payments)	112.9
Goods turnover and services sold to the population	109.4
Population's monetary savings (in billions of rubles)	
as of 1 January 1989	426
as of 1 January 1990	489
actually adjusted based on rate of growth of goods turnover (426 x 109.4)	466

Thus, as the calculations show, during 1989 the amount of the increase in unsatisfied demand was 23 billion rubles. Its total amount as of 1 January 1990 was estimated at 165 billion rubles.

The volume of retail goods turnover and paid services for the population during 1989 was 423 billion rubles. The coefficient of suppressed inflation, consequently, would be:

$23/423 \times 100 = 5.5$  percent, and the index would be 105.5 percent.

In conditions of the predominance of state price regulation in our economy, the characteristics of the inflation processes based just on price indexes would be incomplete, since these processes are also expressed in the formation of the population's unsatisfied demand for goods and services and thus excess savings.

The increase in unsatisfied demand in the end reflects the amount of suppressed inflation. The coefficient of suppressed inflation ( $C_{sup.infl.}$ ) is defined as the ratio of the increase in unsatisfied demand to the sum of the volume of retail goods turnover and paid services:

$C_{sup.infl.} = \text{increase in unsatisfied demand} / (\text{retail goods turnover} + \text{paid services})$ .

The inflation index is calculated as a product of the price index and the coefficient of suppressed inflation:

$I_{infl.} = I_{price} \times (C_{sup.infl.} + 100)/100$ .

The unsatisfied demand arises due to a critical shortage (deficit) in trade of many products and consumer goods. The deficit leads to a redistribution of goods by illegal sale channels and widespread speculation. Materials of a selective survey of 90,000 families conducted in the first 6 months of 1989 show that almost half of the families, to one degree or another, acquired goods outside of state trade. The predominant items among these purchases were fabrics, knitted wear, footwear, clothing, cultural goods, household appliances, furniture, construction materials, automobile spare parts, and perfume and cosmetics. In 1989 alone, the amount of money made by speculators from reselling nonfood consumer items was 1.3 billion rubles.

On the average, every family using the services of speculators who buy for resale paid them more than 60 rubles per year; in Georgia the figure was 140 rubles; and in Moldavia the figure was 80 rubles. This has a noticeable effect on the family budget, particularly for low-income population groups, who often are forced to use the services of these speculators due to the lack of necessary goods in a sufficient amount in the stores.

Unsatisfied demand and inflation have a negative effect on all aspects of economic activities and on the state of the consumer market. The illegal "shadow" economy is becoming increasingly apparent.

The boundaries of the shadow economy are extremely mobile and are not constant. One can note such prominent types that form unearned income: illegal transactions in the area of trade, housing and municipal services, personal services, speculation, theft of state and public property for the purpose of personal enrichment, bribery,

moonshining, extortion and racketeering, prostitution, and drug dealing. Unearned income includes illegal wage payments and bonuses for work not performed, and also unrecorded income of cooperative operators and persons engaged in individual labor activity, and certain other items of income.

The volume of monetary assets involved in the shadow economy, calculated according to data from mass statistics, sociological surveys, budget statistics, and expert estimates, was approximately 60-70 billion rubles in 1989.

**Table 9. Individual Items of Illegal Income of Citizens in 1989 (estimate, in billions of rubles)**

Income from illegal transactions in the sphere of trade, public catering, housing and municipal services, everyday services, health services, transportation services; when registering the exchange or renting of housing, garages, garden plots, and so forth	17.1
Moonshining and speculation in wine and vodka products	23.0
Theft of state and public property (including petty theft)	4.9
Income from resale of nonfood consumer items (construction materials, passenger cars, automobile spare parts, stolen gasoline, and so forth)	10.3
Illegal payments of wages and bonuses in connection with inflated and distorted reporting in the national economy	0.1
Amounts concealed from taxation and received by private individuals for construction and repair of housing and economic projects	1.0
Income concealed from taxation and received by persons engaged in cooperative and individual labor activities	1.4
Bribes by cooperative operators to officials	1.0
Drug dealing, prostitution, smuggling	1.02
Poaching; illegal sale of furs and hides; chopping down trees; and so forth	0.2

Among illegal income of citizens, the primary source is the production and sale of moonshine (23 billion rubles); receipt of illegal compensation by workers in trade, public catering, housing and municipal services, and so forth (15 billion rubles); resale of construction materials, passenger cars, automobile spare parts, and stolen gasoline (10 billion rubles).

These are minimum statistical estimates of the scale of the shadow economy, elements of which lend themselves to calculation. For example, they do not take into account the scale of illegal transactions in agriculture and procurement organizations associated with the debiting of the volumes of agricultural products and with losses of these products in all stages of production, procurement, and processing, as well as illegal production activities for the purpose of personal gain.

*Other methods of calculating the shadow economy can also be used. In particular, one can attempt to make these calculations based on balance sheet developments using data on national income produced and utilized, volume of the production and utilization of material goods and services, currency emission, and so forth.*

#### Footnote

1. The procedure for calculating consumer prices based on representative goods is set forth in the magazine *VESTNIK STATISTIKI*, No 10, 1989.

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#### AUCCTU Official Estimates New Poverty Line Figures

904D0151A Moscow *EKONOMIKA I ZHIZN* in Russian No 23, Jun 90 p 9

[Interview with A. Kormilkin, head of a sector of the Combined Department for Questions of Social Development of the AUCCTU and Candidate of Economic Sciences, by an *EKONOMIKA I ZHIZN* correspondent; date and place not specified: "Degree of Protection"]

[Text] In conformity with the 20 November 1989 decree of the USSR Supreme Soviet, USSR Goskomstat [State Committee for Statistics] and USSR Goskomtrud [State Committee for Labor and Social Problems] are engaged in work concerned with defining the living wage. However, the AUCCTU [All-Union Central Council of Trade Unions] has seized the initiative and developed its own variant. In this article, the chief of a sector of the Combined Department for Questions of Social Development of the AUCCTU and Candidate of Economic Sciences, A. Kormilkin, answers questions raised by one of our correspondents.

[Correspondent] Aleksandr Vasilyevich, why is the trade union staff engaged in computing the minimal consumption budgets? Indeed, this work was assigned to two extremely competent committees.

[Kormilkin] Because this problem touches directly upon the standard of living of each individual and hence it falls within the competence of the trade unions and excites them no less than it does Goskomstat and Goskomtrud. Moreover, we have our own point of view with regard to resolving this problem. The growth in consumer prices for food and non-food goods and services, which has recently increased in scale, has started to adversely affect the population's standard of living, consuming almost completely the increase in wages. The consequences of inflation have been especially burdensome for low income families. At the present time, state assistance for those of moderate means is clearly inadequate and does not compensate for the negative effect of the erosion process on the cheap assortment of goods. Only 10 percent of the total income of such families is covered by monetary payments from the public consumption funds.

The distribution of state subsidies for food products does not favor them, since those of moderate means consume fewer subsidized goods, for example meat. Thus, in a computation of state subsidies for products for a family member in families with a per capita income of up to 75 rubles, the figure is 8 rubles and for more than 200 rubles—24 rubles. Thus, the group with less income, the group which constitutes 15 percent (approximately 40 million people) of the overall population, receives less than 7 percent of the overall volume of subsidies.

Extremely varying conditions exist at the present time for realizing monetary income and gaining access to the sources for the centralized distribution of food products (through enterprises, organizations, and order departments) according to state prices. And it bears mentioning that families of moderate means are often forced to acquire products, yes and other consumer cooperation goods, at the kolkhoz market and from speculators, where the prices are considerably higher. For example, the average price for a purchase of meat and meat products in families with an average per capita income of up to 50 rubles monthly is 3.5 rubles and in families with an income in excess of 200 rubles monthly—2.7 rubles. Thus, over the past 20 years the food expenses of families of moderate means have increased by 12 percent, with the consumption of meat and dairy products declining simultaneously by 30-35 percent. An urgent need exists for developing a complex of measures for protecting the economic interests of low income groups of the population.

[Correspondent] How is this being done in foreign countries?

[Kormilkin] Although the systems vary, nevertheless the measures being employed by the state in many countries for furnishing assistance to the population are being developed based upon minimum material support. This minimum must be adequate for the physical and spiritual development of children and not permit a degradation to take place in the state of adults.

[Correspondent] What was the principle behind the computation of the AUCCTU's budgetary variant?

[Kormilkin] We relied upon assistance from a broad range of scientists and entire institutes, with maximum use being made of foreign experience. Several computational methods are being employed in international practice: normative, statistical and various combinations of these methods.

USSR Goskomtrud computed a minimum material support budget based upon the normative method. USSR Goskomstat—using the combination normative-statistical method. We employed the combination normative-statistical method based upon the norms for minimum consumption of material blessings by the population. We employed the normative method as an alternative method. Such an approach made it possible to compare our computations against similar studies conducted by specialists attached to USSR Goskomtrud

and USSR Goskomstat. The data obtained as a result of using both methods revealed only extremely negligible differences between them.

[Correspondent] Was there any divergence from the official calculations?

[Kormilkin] Yes, certainly. The differences between the variants of USSR Goskomstat and USSR Goskomtrud are explained mainly by the differing structure and cost of the group of non-food goods and their differing service lives, particularly in such groups as clothing, underwear, footwear, bedding and others. Discrepancies also appeared in connection with evaluating the rates of inflation. Thus, USSR Goskomstat employed a correction figure of 2 percent in its computations.

According to our computations, supported by the data of a majority of the scientist-economists specializing in this problem, the inflation rates for consumer goods as a result of the price factor amounted to 5-7 percent during 1989. Such a statistic is explained by the lack of completeness in the initial data.

There is still one other important factor. In our computations, we based our position upon the fact that, given the existing conditions, it is impossible to avoid the ever present deficit in the absence of purchases on the kolkhoz market. It would be expensive and ineffective to create a system of special distributors for use in supplying goods at state prices to that portion of the population considered to be of moderate means.

There is yet another nuance. The USSR has a considerable number of smokers (70 million people, or 44 percent of the able-bodied population). Based upon this fact and also international practice, we take into account the expenditures for tobacco products. Expenditures for alcoholic beverages (2.7 rubles) were also introduced, since in real life they are still inevitable.

Taking into account all of the factors, including the rates of inflation, the amount of the minimum consumption budget at the beginning of 1990 was 97-99 rubles monthly. If our method is correct, then the country has 80 million people, or 27 percent, who are living below the poverty line. This figure comprises mainly families with many children, young and incomplete families and also pensioners.

[Correspondent] What should be done in such a situation?

[Kormilkin] The solution—develop on an urgent basis a mechanism for automatically supplying the population with income that is not lower than the living wage.

[Correspondent] Do we have a variant for such a mechanism?

[Kormilkin] We are proposing one. It is based upon a minimum wage level, one which conforms to the normative budget for minimum support for an adult worker. For workers attached to cost accounting enterprises, the level guaranteed by the state must be ensured by means of the resources of the enterprises themselves. For workers engaged in the non-production sphere—by means of the resources of the union, republic or local budget.

Women who are on maternity leave until their children reach one and a half years of age are paid an allowance up to the minimum income level, with subsequent review depending upon a change in the cost of living index. The financing sources—the social insurance budget and the state budget. The entire system of allowances, grants and pensions should be reviewed.

It is still too early to discuss all of this in greater detail, but initially the problem should be discussed with our opponents.

[Correspondent] What has been the fate of your computations?

[Kormilkin] They were examined by the AUCCTU Secretariat and subsequently they were sent to the official governmental organs. We will continue to study this problem in a thorough manner, while relying upon the trade union aktiv and the scientists for support.

Our material—is a portion of the studies on a complex of problems concerned with the level and quality of life, factors which form the basis for realizing the protective functions of the trade unions. Their structure includes questions concerned with the indexing of income depending upon the price dynamics, control over price formation, taxation problems, the influence of inflationary processes on the value of the population's life, tasks associated with ensuring the availability of money for the goods and services required and other problems.

## ELECTRIC POWER GENERATION

### Exercise Simulates Nuclear Power Station Radiation Leak

904E0130A Moscow SELSKAYA ZHIZN in Russian  
17 Jul 90 p 4

[Article by A. Karanda: "A Practical Joke, or Why the Sirens When Everything Around Was Tranquil?"; first paragraph is source introduction]

[Text] We have already reported that civil defense scientists convened in Volyn Oblast at the start of June. How did they proceed? Here is our correspondent's story about it.

So, just imagine: on the 7th of July this year, an accident with fuel-cladding leakage of the nuclear reactor occurred at the third power unit of the Rovnenskaya AES [nuclear power station]. Well, of course, there was a discharge of radioactive matter, a poisoning of the locality around the station....The radiation level reached 30 roentgens per hour!

At 1000 hours the signal, Gray Messenger—about an accident at the AES—came over the air at the rayon militia offices of Manevichskiy and Kovelskiy rayons, which were 25 kilometers from the site and from the control point of Volyn Oblast's Civil Defense staff. It had to assemble 36,000 people from 44 Volyn villages, more than 50,000 head of cattle from 16 kolkhozes and sovkhozes that fell within the "zone," and hundreds of units of equipment, in order to deliver them at once to the distribution control point. For decontamination, evacuation and the extension of first aid....

Imagine even that it is grave, as a human wave, on which caustic radioactive dust slowly settles, rolls and rolls over forested Volyn roads from far-off villages of the alluvial plain.

Fortunately, all that we have been talking about is just a figment of the imagination. But the bitter, painful experience of Chernobyl makes such a fantasy absolutely necessary. And if we still take the path of retribution for our own disorderliness, carelessness and incompetence, and if we want to shield ourselves from their consequences in the future, then we should get ready for extraordinary situations, with a knowledge of the business and in a professional manner.

Alas, the exercise conducted at Manevichi on evacuation of the rural population in case of an accident at the AES showed that, in the end, the grown-ups' games caused needless distraction of people, unnecessary uproar, and an injection of horror.

But everything was in accordance with procedure. At 0800 hours on 4 June, the on-duty officer at the Manevichskiy Rayon militia office transmitted the signal, "Announcement of a meeting" of supervisors of enterprises and organizations that were to take part in the

exercises. There were more than 40. Forty-odd supervisors of various ranks appeared right on the dot at 0900 hours at the rayon's Civil Defense staff, in order to report on readiness for conducting the exercises and the evacuation of the population, cattle and realizable assets. By 1400 hours the sirens had already sounded in tens of the rayon's villages. The chairman of the Kolkhoz imeni Michurin, Vladimir Ivanovich Konotopchik, having arrived to get instructions from the Civil Defense staff, and finally realizing that the kolkhoz's cattle would not be affected and that the equipment operators and animal husbandry workers would not be taken away from their jobs, sighed with relief:

"All right then, if you are going to make war, then make war. And I agree to remain with the active group until the end of the exercises."

Meanwhile, more than 3,000 people and about 200 pieces of equipment should be acquired under the plan for the exercise. Is it realistic and, the main thing, is it wise in the busy season to abandon the fields, the procurement of feed, and preparation for the harvest season, and to take so many people away from work? And although the exercises were conducted purely symbolically, still let us ponder here on it: given our All-Union rural shortages, where do you get enough fuel to "dress out" 173 vehicles and tractors and to simulate for three days an evacuation of the rural population? Where do you "acquire" doctors and hospital nurses in the sticks, so there will be enough of them for the alarm announced by the respected Civil Defense? How and from where do kolkhoz chairmen and the chiefs of the low-capacity rayon-center construction organizations scrape up the time, the resources, and the people to support the least bit of a semblance of the "evacuation from the 30-kilometer zone" that is being conducted?

That is the point, there is nowhere "to get" the personnel, power, and financial resources for the exercises—they were not called for by centralized planning, but should be taken from local reserves.

Well, and then we raise this question: what manager, really, will, just like that, for the sake of a drill involving a mythical explosion, get and then "let go of" tens of tons of fuel and will take hundreds of people and vehicles off the job? In reality there are no such administrators! They can be thought up by the efforts of a practical-joker group or plugged into the design of an exercise, but not at all in real life.

If there are not enough of the necessities to support the vital requirements of the fields and animal-husbandry departments and the construction of a rural hospital, then from where do you get them for outdoor games known ahead of time, though under the guise of exercises? But...they are found. Under pressure, under the denouncing accusation of sabotage—which the disciplined kolkhoz chairman, who even today is bossed by at least 30 rayon and oblast chiefs, does not commit.

For a long time and in detail we discussed with the chief of the oblast's Civil Defense staff, Colonel A. G. Arkhipov, his deputy, Lieutenant Colonel A. L. Skhabovskiy, and deputy chairman of the Manevichskiy rayon Ispolkom P. N. Martynyuk, the results of the exercise being conducted.

Yes, there were many false moves during the exercise, all because it was not supplied adequately with material resources. Well, how is it possible, let us say, to make a radiation reconnaissance without any dosimeters?

There were also other annoying incidents. After receiving the "scenario" about the discharge of liquid ammonia, the director of the Manevichi Meat Plant, N. N. Buchko, "shut down" and completely stopped the operating process and began to evacuate people.

Several times during the critique of the exercise, I raised the question directly about the exercise's desirability and effectiveness. The answers were extremely evasive. Well, the military people can understand this: orders are not discussed, and the exercise was built into the action plan of the oblast's Ispolkom's Civil Defense. So it is that all the discussion there of the "it is useful—it is useless," "it must be done—it must not be done" type perhaps goes on for the benefit of the reporter, but for supervisors and Ispolkom workers charged with participation in civil defense—they need no reason....

I also agreed with this, but here is one thing I cannot understand: is it possible that the chief of the Volyn Oblast Civil Defense staff, who himself experienced the Chernobyl misfortune, seriously believes that in this way it is possible "to raise the level of individual preparedness of blue-collar and white-collar workers, kolkhoz members, and the rayon's populace for actions under extreme conditions"? When many things have to be explained with gestures. When even staff personnel have not studied elementary matters.

The question, I understand, is just rhetorical. But still I would like to get from competent authorities, as is said, an answer at least to this: why, let us say, during previous exercises, in working out the methodology of evacuation of the rural population, all for that same case—an accident at the AES, oldsters of Malyye Medvedki village were, during the severe cold of winter, raised from their warm sleeping benches over their chimney stoves and were "evacuated" in two buses to the famous town of Lutsk, closer to shopping? There is a benefit, of course, from such an "exercise"—the old women were taken out and the dullness of their farm life was brightened. But in this case, are the problems of evacuation solved?

An analysis of the exercise conducted in Manevichi brought up the necessity for a search for new approaches to our Civil Defense. We know what it is. What is to be done tomorrow—this is what is important. There is no argument—we cannot do without formations of the citizenry in eliminating the consequences of extraordinary situations. Competent people from the Volyn Oblast Civil Defense staff came out in favor of creating

for this purpose formations outside the agency. These formations should, in their opinion, consist of professional rescue personnel operating in one region or another constantly. Of course the "amateur" approach to civil defense is cheaper. But we do know what material and morale losses the total dedication of citizenry to their own defense will cost us! Is this not the time to be spared from formalism in this important matter?

And that is just what the exercises in Manevichi consisted of—the staff filled out papers in the proper way, and those who took part in them sighed easily and sent out those who will sow, who will plow, who will treat people....All is well. The only thing is, who needs such a practical joke?....

#### Nuclear Power Delegation Visits France

904E0115A Moscow *IZVESTIYA* in Russian 18, 19 May 90 Morning Edition p 5

[Article by *IZVESTIYA* scientific commentator B. Konovalov, datelined Paluelles and Buget AESs and Paris, under the rubric "We and the World": "Nuclear Independence—Why Nuclear Power is Supported in France"]

[18 May 90, p 5]

[Text]

#### I.

We love to say with pride that forty Frances—the largest of the foreign countries of Europe—could be contained within the territory of the USSR. But there are roughly the same number of nuclear power plants [AESs] operating on the territory of France today as there are in the enormous Soviet Union. They obtain almost three quarters of all the electric power generated in the country from AESs here today, while for us it is 12 percent. And even after Chernobyl the population of France (one fifth the population of the USSR) continues to support nuclear power. And after all, the thrift and good sense of the French are proverbial.

A trip to France by a delegation of our people's deputies and representatives of the press, which included the author of this article, was organized in order to investigate this phenomenon, incomprehensible to us today.

The program of large-scale development of nuclear power was adopted in France under President Georges Pompidou after the famous oil crisis of 1973-74, when oil prices jumped sharply after the Arab-Israeli war and the closing of the Suez Canal. This government decision was at the time supported by broad public opinion, by virtue of the highly developed feeling of independence and patriotism among the French. It seems an "eccentricity" to many of us that France, an indispensable part of the West and the European Economic Community, at the same time has its own nuclear weapons and does not

wish to join the NATO military bloc. This is no "eccentricity" for the French, but rather simply a desire to preserve their independence in changing circumstances and any political "ziggzags." And they approved the program of energy independence namely by virtue of the highly developed independence of their country. Our current self-disparagement is alien to them.

The civil consciousness of the French at the same time has nothing in common with national arrogance, or what is commonly called "jingoism," here. Although France—the country where radioactivity was first discovered, and the names of A. Becquerel, Marie and Pierre Curie and Frederic Joliot-Curie are famous the world over—was successfully developing nuclear science and technology when the question of creating large-scale, nuclear-power engineering first arose, they decided to do so on the basis of a license obtained from the American firm of Westinghouse. The French department for nuclear power had its own reactors and AESs, much work was underway in this area and they had skilled personnel—they of course could have developed their own version of nuclear power. But they figured that it would be cheaper and safer to use the American industrial solutions that had already proven their efficiency and safety through experience of prolonged operation. Water-cooled, water-moderated tank-type reactors operating on enriched uranium were chosen for the AESs, the same type as those at more than half of the capacity of our nuclear power.

France is a country with a market economy. But the government considered nuclear power plants to be such a serious matter that it did not entrust them to private firms, as was done in the United States, but rather gave them over entirely into the hands of the state company Electricité de France (EDF). It answers totally for design engineering, construction, procurement of equipment and operation. And this state firm operates, if our own terms are used, on full economic accountability, at the basis of the whole pyramid involving charges for electric power. The equipment for nuclear reactors is manufactured according to EDF orders by the firm of Framatome and the electric generators and turbines by the firm of Alsthom. This state of affairs makes it possible to make 100-percent use of the advantages of the socialist economy so dear to us as specialization and standardization of the equipment. Not in word, in deed.

EDF is almost a monopoly and is today virtually the complete master of electric-power production. And they do not fear this monopoly in France, because there is a general monitoring of the power market. If EDF raises the price of electric power and it becomes more advantageous for enterprises to use gas, coal or fuel oil independently at their own power plants or to import electric power from neighboring countries, they can reject the services of EDF, and that firm would lose part of its profits.

Here we had not a monopoly but rather, on the contrary, a sort of competition between two directions—water-cooled, water-moderated reactors (VVER) and

channel-type reactors, the same kind that blew up at the Chernobyl AES. A sort of market, competition—but, in fact, the consumers and population around the AESs did not compare the merits and safety of those reactors. The monopoly of USSR Gosplan held sway over all and simply prescribed where to put VVERs and where to put channel reactors so as not to "offend" the one group of designers or the other along with the organizations connected with them.

The EDF monopoly firm has fulfilled a program of creating a powerful network of AESs for virtually 15 years, and continues to build while having already provided for the power independence of France. It generated 140 billion kWh [kilowatt-hours] of electricity in 1973 and 357.6 kWh in 1989.

The share of AESs in EDF was just nine percent of electricity generated in 1973, along with 32 percent at GESs [hydroelectric power plants], nine percent at coal-fired TESs [thermal electric-power plants] and 43 percent at TESs using fuel oil. The percentages were quite different in 1989—AESs at 80 percent, GESs at 12, coal-fired TESs at five, and others two percent of electricity generated.

And this picture is logically linked with the power resources of France. It has virtually no oil or gas and little coal, the hydropower resources are not all that large, but uranium reserves are quite sufficient. And they are trying to conserve them for the future, still procuring half of the uranium they need on external markets. France moreover maintains a four-year reserve supply of uranium for its nuclear power industry in order to protect itself in the event of sharp price fluctuations on the world uranium market. It is to their own disadvantage, but power independence is supreme. This is a state policy supported by the public.

"What then, Chernobyl didn't alter the public opinion of France?" I foresee the readers' question.

It did. Whereas before Chernobyl 66 percent of the population actively supported the development of nuclear power, now it is only half. But it is the overwhelming opinion that the status-quo be preserved. The fact is that the EDF has already added the word Internationale to its name—12 percent of the power generated is exported to Great Britain, Switzerland, Italy, Belgium and West Germany, as well as Spain starting this year. And French society feels that this is sufficient. They have a solid reserve in the event of a rise in power requirements. They must simply gradually replace the existing reactors with more economical and safer ones without cutting back the scale of electric-power generation at AESs. And France is ready to collaborate with the Soviet Union on this path.

But are we ready? A process of curtailing nuclear power, after all, is underway here. And that process, if you will allow me a doubtful comparison, is somewhat reminiscent of our unskilled pruning of vineyards, which, as is well known, benefit the whole world.

The Soviet delegation met with the French "Greens" in Paris. There are not that many of them. There were about a thousand active opponents of nuclear power. A demonstration was organized after Chernobyl in which about five thousand people took part. But the Greens do not hold an irreconcilable position anyway, and they acknowledge the merits of nuclear power.

France saves about 60 million tons of fuel equivalent a year thanks to nuclear power. A field of the sort of one of the richest in the world—Kuwait—has already been economized overall with a sharp improvement in the ecological situation in the country.

The emissions of sulfurous gas into the atmosphere that cause acid rain, totaling, say, a million tons in France as recently as 1980, are less than 100,000 tons a year today. The emissions of carbon dioxide that cause the dangerous "greenhouse effect" are also much lower than the other countries of Europe. Nuclear power is ecologically cleaner with competent exploitation.

The "nuclear Greens" have nonetheless united into the Stop association and are saying that further development must come through the economy of electric power, and not through the construction of new AESs.

But they come together with the power administration of France on this fundamental issue. Up to 35 million tons of fuel equivalent are able to be conserved each year even now compared to 1973 thanks to the program of energy conservation that is being actively pursued in the country. A new program takes effect this year, and there is the hope that an additional 30 million tons of fuel equivalent will be saved in 5-6 years. Think about it—this program will save France as much fuel as all of nuclear power in all.

And that is understandable—a new residential home constructed today consumes half the electricity of a home in 1973. The light in hotel corridors or on the stairways of buildings today burns just long enough for you to open the door of the apartment or elevator. The light in the corridor burns around the clock in our Moscow building (recently built, by the way). One button for two elevators, and I never know which one is coming—the small one or the large freight elevator for me alone. Our new IZVESTIYA building has the same thing—one button to call two elevators. Will even our power resources, the richest in the world, really be enough for this?

Chernobyl was a terrible misfortune. More and more new facts are being uncovered now that people have remained to live in dangerous areas contaminated by radiation after the explosion of the reactor. This is a monstrous crime against the people. But have officials of the Third Main Administration of USSR Ministry of Health—being paid by your and my taxes to the state—actually been punished for this? Practically all of our buildings have diagrams hung on the wall for evacuation in the event of fire, and God forbid you light up in the wrong place. But have any of the officials answered for

the fact that there was no evacuation plan for the population after a major accident at an AES?

Some of the officials at the Chernobyl AES were sentenced, and we were all punished. Yes, us, although it does not yet seem obvious. They are essentially punishing nuclear power, curtailing construction under the weight of public opinion.

The apprehensions of people living near AESs are understandable. But no one wants to reject heat and light, no one wants to halt the country's development. But the government, in deciding to curtail nuclear power, is remaining silent that it is putting us into a dangerous situation.

One of the first steps of the new leadership of the country after the coming to power of Yu. Andropov was the development and adoption of the USSR Energy Program for the long term. It is not being fulfilled. But after all, power remains the basis of all under any type of economy—planned or market, planned-market or something else conceivable only in our Soviet reality.

I will cite a few figures published in the power-engineering program of 1984. "Obsolete and low-efficiency equipment with a total capacity of 55-60 million kilowatts should be removed and upgraded at electric-power plants in the first stage of program realization..." "The removal and upgrading of obsolete equipment with a total capacity of 70-80 million kilowatts, including 55-60 million kilowatts at electric-power plants in the European part of the country, is envisaged in the second stage."

This was to occur principally through the development of nuclear power, which was to occupy the chief place in the European part of the USSR. The precious oil was to be replaced with coal and gas. An active energy-conservation program was to be pursued. But what in fact has happened? Coal production is almost not growing. The construction of new trunk gas lines is being frozen. The energy-conservation policy remains on paper. The use of renewable energy sources—wind and sun—is not yet out of the cradle of experiments. Nuclear power is being curtailed. Oil production has leveled off and is beginning to fall. And we continue to burn this main hard-currency asset of the country in the boilers of obsolete power plants. If mass accidents—not nuclear, quite ordinary—start happening some cold winter, what awaits the country? I don't want to be a prophet, but I fear that there will not be enough heat in our apartments fairly soon and the lights will begin to burn at half strength some ordinary winter.

Those who are expending all of their own energy to halt the construction of AESs should know this. Yes, it is a dangerous neighborhood, but the experience of civilized countries shows that AESs can be used with proper monitoring, competent operation and trust in the authorities.

The population in Voronezh has just voted against the start-up of a nuclear heating-supply plant. The apprehensions of the people are understandable, and they cannot be condemned for this decision, made after the true consequences of the Chernobyl catastrophe became known to all. But this was an emotional decision. It reflects equally a mistrust of nuclear power and a mistrust of government authority. And there is just one way out of this situation—win the trust of the public. This will not happen instantaneously—patient elucidatory work, firm guarantees to the population and the formation of a vested economic interest among the inhabitants in nuclear power is needed. You will be able to read how that is being done in France in the next issue of IZVESTIYA.

[19 May 90, p 5]

## II.

A person who wants to visit an AES in France has a wide choice. They exist in the "heart" of the country next to the ancient *chateaux* of the Loire, east and west, north and south—next to the resorts of the Cote d'Azur. EDF has offered us an opportunity to visit an AES in Buchet, 45 kilometers from the third largest city in France, Lyons. An AES more powerful than Chernobyl has been in operation here for about 10 years. We also visited the more modern and more powerful plant of Paluelles, where four power units of 1,300 kW [kilowatts] each are in operation. We do not have such powerful AESs. It is a two-hour drive from Paris. London is even closer—the plant is on the shores of the English Channel.

The leader of our delegation—USSR Academy of Sciences Corresponding Member Viktor Alekseyevich Sidorenko, recently named first deputy minister of nuclear power and the nuclear-power industry of the USSR—emphasized, in thanking the French for their warm welcome, that the social and informational experience of France in the realm of nuclear power had proven very interesting to Soviet specialists.

"Our principle," said Michel Leroi—the director of the Paluelles nuclear complex, generating 10 percent of the electric power of France—to us, "is truth instead of rumors. We prefer to give the media information ourselves if something unpleasant happens than to give rise to conjectures and guesses through silence."

The information for the public began immediately after the choice of site for the future AES. Special commissars conducted an opinion poll of the inhabitants of the surrounding towns. Detailed information on the project was presented at all town halls. An information center with a speaking hall for 120 people and a room with 30 places for the press, diagrams, mock-ups and displays, including a multi-functional one for children, was one of the first buildings erected on the site of the AES being constructed.

There are no secrets from the "man on the street" here, they tell him everything, they answer all questions, they

offer data on dosimetric measurements of the ocean water, air, grass, trees, milk and meat. More than 15,000 people visited here in 1989. Special meetings with the press and the public on the year's results are arranged no less often than once a year, and twice a year with the local authorities.

And this is the rule rather than the exception. Such information centers exist at all the AESs of France. Some 300,000 people in all visited them last year, forty percent of those schoolchildren. The EDF prepares extensively specialized information for various segments of society—journalists, medical personnel, teachers, mothers.

I have visited many nuclear establishments in our country, and nowhere did I see any such information center. There is not one in Obninsk at the Power Physics Institute where the first AES in the world was created, and it should have long since been turned into a generally accessible museum. If you were to try and obtain any information at the checkpoint of the Moscow Nuclear Power Institute imeni I.V. Kurchatov, in the best case you would hear our affectionate "get lost," and in the worst case you could end up at the police—and not so long ago at the KGB—where they would try to find out for which of the foreign intelligence services you were an agent.

Our nuclear agency, since back in the times when the infamous L.P. Beria was named one of its first leaders, has traditionally been the most secret of all the industrial sectors.

The first public-information service appeared here at the Chernobyl AES. Alas, only after the explosion of the reactor. And there should be one at every nuclear plant—both those in operation and those under construction. EDF spends one percent of its extremely respectable budget on information and communication with the public each year. USSR Minatomenergoprom [Ministry of Atomic Energy and Industry] spends such a miserly share that it is shameful to even mention it.

The basic responsibility for safety in the realm of nuclear power in France is charged to the Ministry of Industry. The general director of the administration for power engineering and raw resources of that ministry, Jean-Daniel Levie, told us that a whole system of monitoring AES safety has been created in France that relies both on state bodies and on public ones. There are 20 regional commissions operating in the country that were created at the initiative of deputies. They unite deputies, journalists, scientists, physicians, engineers and lawyers—in short, all who are concerned about the presence of an AES in their region.

The Supreme Commission on Safety and Nuclear Information operates on a national scale. This is a kind of nuclear parliament that discusses all problems of the development of nuclear power, the safety of it and public information for the whole country, because all information on AES operation is concentrated there. And it cannot be secret by law. There is in France a system of

telephone access to paid computer information on various issues that is constantly being updated. The AES information is free. Any citizen who dials a certain number on the telephone can obtain it.

Today Gospromatomnadzor [State Committee for Safety in Industry and Atomic Power Industry] also informs the public about all defects at AESs through IZVESTIYA. This organization has now been removed from subordination to the fuel-and-power complex and has been transferred to the authority of the USSR Council of Ministers Commission on Emergency Situations and has become more independent. But it is difficult for the uninitiated to investigate its information. Say it is noted that a reduction in the capacity of some AES has occurred—this could perhaps be caused simply by preventive-maintenance operations.

A six-point scale like the Richter scale for earthquakes has been developed in France to inform of problems at an AES, with six points being Chernobyl. If we say there were 80 deviations from the normal regimen at AESs in France in 1989, that doesn't tell you much. But if we elaborate that there have been two accidents assessed at 3 points over the last five years and that they had no hazardous consequences whatsoever for the population, this is understandable to all. And I think that we must also quantify all deviations in AES operation according to a six- or ten-point scale so that all uninitiated people can assess the situation.

But it is, of course, AES personnel and not the public that actually ensure safety.

"Our law," said one of the EDF directors, Jean-Michel Fauve, to the Soviet delegation, "is to operate without the right to a mistake. We are constantly raising the skills of the personnel at training centers for that purpose."

The saying that only he who does nothing never errs is, of course, true in France as well. They have thus created their own strict inspections for AES safety at EDF.

"Our system," the general inspector for nuclear safety for EDF, Pierre Tanguy, told us, "relies on good planning and the assurance of quality for all work with competent operation. Careful analysis of all problems both here and abroad brings the greatest benefit. We extracted lessons from the accidents at Three Mile Island and Chernobyl, where the personnel did not understand what was happening with the reactors. There are thus special engineers on duty at the control centers of all of our plants whose sole duty is to ensure safety."

But this strict oversight by EDF—dictated by the simple consideration that if an accident were to occur, the firm would be destroyed and the personnel would be out of work—is backed up by independent state monitoring. It is accomplished by the essentially interagency Institute for Radiation Protection and Nuclear Safety of the Commissariat of Nuclear Power of France, which develops allowable norms for the radiation situation based on the recommendations of the IAEA and tracks

their observance. This large nationwide organization has at its disposal, in particular, several research reactors at which they can imitate various accidents and determine methods of eliminating them as quickly and efficiently as possible. The institute has a staff of 1,460, of whom 60 percent are engineers and scientists. This is a great deal in France, where they do not permit an excess of personnel and the pay of each skilled worker is high.

And the state bodies are not shy about using their authority where necessary. The institute, for example, recently ordered the stoppage of the latest Phoenix fast-neutron reactor.

The principal reason for the trust in nuclear power in France is thus the trust in their own scientists, engineers and system of monitoring.

The main thing that would be incomprehensible to our people's deputies, for the most part representing areas where the residents are protesting the construction of nuclear power plants, is why those French living near the AESs have not become opponents of nuclear power. They tried to understand this phenomenon at all the meetings.

The mayor of a group of communes of Cany-Barville, located around the AES and experiencing the direct effects of it, was at our table at dinner in Paluelles. It was very instructive to follow the dialogue between the mayor of the socialist city of Neftekamsk in the Bashkir ASSR, Viktor Grigoryevich Zyurin, and Robert Gabelle, who heads the local association of French communes, based on private ownership. They simply did not understand each other, despite the presence of an interpreter.

"Every new enterprise is disadvantageous to me, because we must build housing for the personnel and move aside those who are already in line..."

"What line? The AES itself built housing for its workers. Some 500 of the houses built for the construction workers have been transferred to the commune residents."

"What about supply, allocations for food and consumer goods?"

"We order them and they bring us everything we need. Our retailers and the owners of all enterprises in the services sphere have become much richer today. The population has doubled within a 10-kilometer radius of the plant. The workers and technicians at the AES earn 100,000-120,000 francs a year, and the engineers 220,000-240,000 francs (at our commercial exchange rate, which exaggerates the rate of the franc, this is 220,000-240,000 rubles, and at the state rate, which diminishes the price of the franc, 22,000-24,000 rubles). They basically spend all of that money here."

"Fine, what are the benefits for the rest of the inhabitants?"

"Our association of communes, on the territory of which reside 16,000 people, receives 55 million francs as a local tax on the AES—a third of our whole budget. We are developing the infrastructure with that money—roads, communications and educational, cultural and health-care institutions. We had a small school with five classes, one kindergarten and three doctors before the AES, and now we have a full *lycée*, three kindergartens and six physicians."

"Do you have dosimeters so that you can track the radiation yourselves?"

"What for? The state service does that."

"And if they don't tell you?"

"What? It is a state service, after all! It is supported by our taxes to perform its duties conscientiously. If they don't do so, the staffers are dismissed."

"And if the public doesn't believe the authorities—after all, you have the nuclear information, not us?"

"I have been mayor for ten years now and an advisor to the department since the very start of AES construction. Had the population been dissatisfied with me, they would not have re-elected me."

"Well, what if the AES administration wants to hide some accident from you that is dangerous to the public?"

"How can they hide it? They will be punished, and there are courts, the law, press, television. A storm recently knocked over a ventilation stack at the AES. The next day I got a call from a relative in California asking if the accident was serious.

"The plant staff are my neighbors and friends, I can find out everything just over a glass of Calvados. And if something were to happen, their families, like us, would suffer to the same extent. We all know what must be done in a dangerous situation, there are even no problems for the complete evacuation of the population."

It must be elaborated here that in France, as opposed to our country, they do not build special nuclear towns. All of the personnel of French AESs are usually accommodated in settlements that existed before, for which EDF buys or leases the land. The 1,200 people working at the Paluelles AES are housed within a ten-kilometer circle, and no one makes them sign that they should not make public information on the radiation situation. The neighbors are thus always up to date with each other.

USSR People's Deputy and USSR Supreme Soviet member Minikhafaf Mustafaovich Safin from Bashkiria was interested in something else. He is the chairman of a kolkhoz, and an AES is being built nearby.

"That is an agricultural area," he asks, "Do you have trouble selling the agricultural produce? Perhaps they experience mistrust in other areas of France due to the fact that it was grown near an AES."

"No. There are no difficulties with sales. In France they trust the product monitoring that is performed by the state service."

But it seems that our deputies did not believe it anyway. And a trip by the delegation to one of the local farmers—Charles Lepicour—was organized at their request. He confirmed that there are no problems with selling the produce. And to the question "Are there opponents of the AES in the region?" he answered categorically, "No."

In answering the question of why they support nuclear power in France, we must clearly point out the main thing—whichever parties win the elections, however many times the government changes, whatever the political orientation adhered to by the president of France, the authorities running the country have always been competent—both at private enterprises and at the state firms operating under the conditions of a market economy. Incompetence simply led to ruin. And it is namely the power of competence, no less than the competence of the powers, that ensures the flourishing of the economy and the trust of the people in the state.

**RSFSR Union Federation Protests Curbs on Union Rights**904F0219A Moscow *TRUD* in Russian 22 Jul 90 p 1

[Statement of the Third Plenum of the Council of the Federation of Independent RSFSR Trade Unions: "On Legislative Restrictions of the Interests and Rights of Trade Unions"]

[Text] Recently (in 1989-1990) the USSR Supreme Soviet adopted a number of legislative acts directed at curbing the interests and rights of trade unions.

This was manifested in the all-union laws on the procedures for examining collective labor disputes, on enterprises, on taxes on enterprises, associations and organizations, on ownership, and on the general principles of local self-management and local administration, and in the draft USSR Law on Public Associations.

These acts ignore the role of the trade unions in solving the problems of social development and improving the living conditions and health of citizens, labor protection and wages. The manner in which trade unions are to interact with state governing and administrative bodies and local self-management bodies is not defined. Participation of trade union organizations in the signing of collective agreements between labor collectives and the administration has not been made mandatory. Mandatory participation of trade union representatives in the work of conciliatory committees examining collective labor disputes is not foreseen.

The amount of tax collected from trade unions was increased unjustifiably. Limits were not established on liens on trade union property. A proposal was made to establish state control over the financial activities of public associations, including trade unions, and not just over their commercial activities alone.

Examination and adoption of a special legislative act on the rights of USSR trade unions is dragging on impermissibly.

This legislative course of the USSR Supreme Soviet is eliciting resolute protest from RSFSR trade union organizations.

The draft USSR Law on Public Associations raises fundamental objections in the trade unions. It does not establish real guarantees for a citizen's exercise of his right of association, and it does not account for the sovereignty which republics and their organs and organizations have confirmed in the country.

In view of their functions, the trade unions cannot be equated in their rights to organizations with a relatively restricted sphere of activity.

The law should define and distinguish between associations such as trade unions, mass movements and public action organs. Legislation on public associations must not emasculate the essence of the trade union movement.

The law should provide an exhaustive list of circumstances prohibiting creation of public associations and their activity.

The law should determine that only the commercial activities of enterprises and organizations created by public associations are taxed. Financial organs may be granted the right to monitor the correctness of calculation and promptness of payment of taxes on commercial activities by public associations.

The Plenum of the Council of the Federation of Independent RSFSR Trade Unions appeals to the USSR Supreme Soviet with a proposal to eliminate attempts at ignoring the interests and rights of trade unions.

The Council of the Federation of Independent RSFSR Trade Unions expresses a readiness for constructive cooperation in legislative work and in drafting laws on public associations and on the rights of trade unions.

The Plenum of the Council of the Federation of Independent RSFSR Trade Unions appeals to the AUCCTU and USSR people's deputies in behalf of the trade unions to consistently and persistently fight for establishment of real guarantees of the laborers' right of association, and for expansion and consolidation of the legal basis of the activities of trade unions.

**Leningrad 'Independence' Trade Union Hit**904F0208A Moscow *TRUD* in Russian 12 Jul 90 p 2

[Article by D. Struzhentsov, *TRUD* correspondent, under the heading "Trade Unions: Is There an Alternative": "Entrance Forbidden to 'Socials'"]

[Text] All sorts of fronts, informal associations, and movements are sprouting nowadays like mushrooms under a warm rain... In Leningrad you no longer will see anyone at a meeting of anarchists or a gathering of monarchists. As far as the various socio-political formations (associations, committees, unions) proclaiming themselves to be defenders of workers are concerned, they are as plentiful as blackberries, as they say.

In June of last year, the "Independence" trade association of workers was formed, which now calls itself a trade union.

"No written applications or recommendations are required to join the 'Independence' trade union. It is sufficient for only two workers to voluntarily unite who have agreed on a joint independent trade union struggle," the charter of this organization states. It is no secret that among workers today the vast majority are dissatisfied with life and are struggling to improve it. If you follow the letter of the charter of "Independence," they should all belong to this new organization, although the workers themselves may not have the good sense to do so. Incidentally, this is precisely what is written in the charter: "All workers collectively in favor of improving working and living conditions, against oppression by

physical labor, in favor of increasing wages, and for other occupational reasons automatically (?) become members of the 'Independence' trade union."

It turns out that today "Independence" is almost the entire country. Actually, it is small groups at the Lenin-grad Metal Plant, the First Bus Park, and the Tosno depot station. Let us be frank, for a city with a population of five million people, they are not in abundance. But the Initiative Committee of the Association of Workers (IKAR) of "Independence" is confident that the future belongs to this form of class solidarity. It is so confident that it is not counting on consolidation with any structures of Soviet trade unions, bodies of state power, the CPSU, or informal socio-political associations, unions, and movements. It is only the press that the IKAR is not ignoring: it needs publicity. That is why I was able to visit the headquarters of "Independence" and talk with L. Pavlov, one of IKAR's activists.

The first thing I asked Leonid Nikolayevich [Pavlov] was: "Let us begin with the main thing: What are the goals of your trade union? What is its purpose?"

"Our goals are formulated in the association's charter: to unite workers as one in the struggle for occupational and class rights and freedoms against the dominant class of socials (?) and bureaucratic administration. To establish worker control over the production and distribution of material wealth. To achieve a situation in which workers in production independently dispose of, own, and use the means of production, including the finished product and income. To establish effective worker control over the ruling party or coalition of ruling parties and legislative and executive power."

Such a scope, in our view, blends together both the goals in which the country's trade unions have been and are involved and tasks which are pretentious and "globalist." True, as soon as we touched on the question of how to implement all this in practice, I did not receive a concrete answer. For example, after dividing the whole society into classes, Leonid Nikolayevich could not decide to which class a skilled craftsman in a shop or a nurse in a hospital belonged.

"As far as the intelligentsia and white-collar workers are concerned," L. Pavlov declared, "they themselves will have to resolve their own problems. Apparently, they also should unite to protect their own interests. But this is not our concern. We are a trade union of workers," he quite proudly added. "The intelligentsia has always been politics. We proclaim a principle of depoliticization."

"Pardon me, you often use the term 'socials,' which is unfamiliar to me," I decided to interrupt L. Pavlov's monologue. "Whom or what do you have in mind?"

"We call socials those who today control the workers and undeservedly make use of the results of their labor. These are apparatchiks of all ranks, high-ranking party officials, and all sorts of 'chiefs.' We favor a trade union

with a single class nature. Blue-collar workers, white-collar workers, and apparatchiks cannot be in one trade union, as in Soviet trade unions. Each social group, moreover each class, has its own interests, its own occupational peculiarities and problems. That is why our trade union is a trade union of only workers, and it defends the interests of the workers. If white-collar workers want to organize, let them create their own trade union.

"We see non-recognition of bureaucratic dispute commissions, trade union committees, STK [Council of Labor Collectives], and the courts as a very important method of the 'Independence' trade union's struggle..."

"But who, in your opinion, should settle disputes which, one way or another, will arise in the process of production?"

"Only meetings of workers, and at the republic and country level—congresses of worker-producers. We will express the will of the workers at rallies and demonstrations and in special instances will conduct strikes and work stoppages. And when circumstances require it, we will boycott measures of the government that do not correspond to the occupational-class interests of the workers. For example, we decided to boycott the elections to the RSFSR Supreme Soviet and local soviets..."

"But why?"

"We wanted to use this to show our distrust of the Soviet power which has compromised itself. No matter whom we elect, the dominant class of socials remains, oppressing the workers. It makes no sense to vote for your oppressors!..."

Listening to Pavlov, I automatically caught myself thinking of Chekhov: "What do these boys want: a revolution or sturgeon with horseradish?" What is actually behind the slogans of "Independence?" For example, what is this statement worth: "It is our job to demand; it is the directors' job to carry out!" After all, the "socials" also have the right to say that it is their job to demand. But who will carry out? The leaders of "Independence" pass this over in silence.

It seems that all this eclecticism and web of views and contradictoriness of actions is to a considerable extent engendered by L. Pavlov himself, the "spiritual mentor" of the organization. He is the author of the "Charter" and the "Theory of the Social" prefaced to it. As is apparent, quite a bit here was borrowed from leaflets of the beginning of this century. But with scathingness of phrase and a zeal serving to expose something, they perhaps are capable of making an impression on the unsophisticated person.

Late in the evening I left this "headquarters" with a feeling of disappointment. Everything I saw and heard for some reason did not fit my ideas of an organization which in just less than a year was laying claim to a special

role (alternative role with respect to "official" trade unions) in forming the working-class movement.

Of course, one can pretend as though organizations such as "Independence" do not exist at all. However, one must not underestimate them.

In a situation in which many cannot wait for rapid results from the changes taking place in our country and when people long to receive at least something already today, the slogans of ultra-radical reformers bring cause turmoil into the working-class movement, captivate some people with illusory promises and slogans, and disorient the working people. But we need consolidation of forces as never before. And trade unions do not have the final say here...

I think this problem merits serious discussion at the 19th Congress of Trade Unions.

#### AUCCTU, Unofficial Trade Unions Confer on Current Issues

904F0210A Moscow *TRUD* in Russian 10 Jul 90 pp 1-2

[Article by F. Yemchenko, *TRUD* special correspondent: "What Does the Coming Day Have in Store for Us?"]

[Text] As we have already reported, a practical-scientific conference was held recently in the AUCCTU's [All-Union Central Council of Trade Unions] Higher Trade Union Movement School. For two days the participants discussed problems which can, apparently, be grouped along three basic lines: new approaches to the strategy and tactics of the trade union movement under the present conditions; the mechanism of the protective function of the trade unions; the position of the trade unions in the period of the conversion to market relationships in the economy.

It is important to note that, in addition to scientists and trade union workers, representatives of so-called independent, or informal, trade unions have participated actively in this search. It has turned out that the views of both with respect to many questions are quite close. This means that there is a basis for joint actions.

Today we are publishing fragments from the speeches of participants in the conference.

Of course, the shortage of newspaper space has permitted us to only select certain important, in our view, points from the numerous speeches.

**G. Yanayev**, chairman of the AUCCTU: The accusation is sometimes made against us that the trade unions are all but against perestroika. If this were so, it simply would not have taken place. It's another matter that we are not able to blindly support all the proposals of the party and the government. The AUCCTU has defined its position unequivocally: we are ready to collaborate closely with the party but only as long as it protects the interests of the workers. The miners' strikes a year ago

revealed a crisis of confidence not only in the government but also in the trade unions. A dilemma then confronted us: to decisively restructure ourselves or to leave the political arena. We chose the former...

**V. Kisilev**, Higher Trade Union Movement School department head, doctor of philosophical sciences: One ought to call a spade a spade. For the workers the crisis of confidence was not in the trade unions but in the organizational structures in the trade unions. I do not call for ripping one's shirt off and repenting. No one needs these gestures. What needs to be done? First of all, a reappraisal of the priorities in our work is necessary. Secondly, a fundamental change in the structures.

We need to relinquish the monopoly position in the trade union movement. Before long we will encounter a regular flood of various currents in this movement. The problem of unity will come to the fore. It will become firm when it will be the center of gravity. Today only the traditional, as we are sometimes called, trade unions are capable of playing this role. I think that a working group ought to be created under the AUCCTU to develop a concept for the organizational arrangement of the trade unions. We cannot go to our congress without this document.

**A. Breusov**, chairman of the central committee of the aviation industry workers trade union: I cannot agree with the term "crisis in the trade unions." This is a crisis of the trade union organs. I think that we are two-three years overdue with the elaboration of a new position. Science has not foreseen the development of events and has not given its recommendations in a timely fashion. Although, to be candid, the recent leaders of our trade union center did not precisely pay very much attention to science. We are attempting to compensate for the delay in the one by haste in the other. Not waiting for the completion of the experiments in Kalinin Oblast and Stavropol Kray, and not having analyzed their results, they have begun a new reorganization.

**L. Radzevicius**, Chairman of the Confederation of Free Trade Unions of Lithuania: We in Lithuania have created a Confederation of Free Trade Unions. We have transferred social insurance completely to state organs. A labor safety department has been created under the republic council of ministers. In the course of the reorganization we have seen that the leaders of the primary trade union organizations suffer from a lack of professionalism. Therefore first of all we have created a scientific-training center for ourselves.

The economic blockade has inflicted damage not just on the Lithuanian workers. It has affected the interests of people of labor in other regions. Many are appealing to us now: let's exchange directly. And we are going for this willingly. Thousands of children who have suffered from the Chernobyl tragedy are on holiday in Lithuania's pioneer camps. People from other republics are resting in sanatoriums.

**Kh. Sabirov**, Higher Trade Union Movement School department head, doctor of philosophical sciences: Trade union pluralism has now already become a fact of life. This phenomenon is not unambiguous; there are pluses and minuses in it. The strong point of pluralism is the healthy competition. By the way, everything that the independent trade unions are now doing, we have been proclaiming for a long time. However, we are far from being able to carry out everything. This means that there is some kind of defect in our structures. We need, I think, to learn how others implement our ideas.

However, there are also weak points in the diversity of forms and tendencies in the trade unions. Primarily this is still not an unification but a separation of forces. With the conversion to a market economy this is especially important to consider; you see, we will encounter very powerful resistance. Therefore we should learn to work together within the framework of pluralism, having created a workers' united front. Only in this way can a genuine opposition to the government be created.

**N. Sidorov**, academic secretary of the AUCCTU scientific center: Today the trade unions do not have their own platform. Our foreign colleagues rightly point out this weakness to us. If the CPSU platform suits us, then we ought to cease any talk about the independence of the trade unions from the party. Otherwise we behave illogically. If we do not agree with what the party has announced in its own platform (remembering that the trade unions, naturally, have in many respects different goals, forms and methods of operations), then we should more precisely announce our own attitude to it and work out our own platform. If we agree with private property, then we ought to be prepared for the struggle of the workers with capital. To study the most effective forms of this struggle...

**V. Tsyanov**, chairman of the Kalinin Oblast Trade Unions Council: We talk a lot about reorganizing the existing structures in trade unions, but so far we haven't decided what organs are the primary ones: branch or territorial. Oblast trade unions councils appeared in 1984 and at once turned into dictating organs. At that time it was more convenient for the party to direct one trade unions council than 18, let's say. Today this system requires decisive change. We need primary branch organs. Two years ago we came to the conclusion that the oblast trade unions council was not needed in the form in which it had existed for so many years. We organized another council in its place to which the oblast committees delegated three of their representatives each. We have become closer to the primary organizations and know their difficulties better.

**A. Buzgalin**, Moscow State University professor: Self-management of the labor collectives—that is what the trade unions must fight for. Today the party apparatus is exchanging its power for money and property. And the trade unions shout about their independence. The economic reform can lead to a situation in which the labor

collectives will find themselves without any rights before the owners of the means of production.

**S. Khramov**, member of the Sotsprof [Association of Socialist Trade Unions] coordination council: One cannot be independent of the state while dealing with the state's money. Social insurance funds ought to be handed over to state organs. The trade unions should create a manpower market and try to get an increase in the price for this commodity...

**I. Malyarov**, Moscow State University teacher: A very dangerous replacement of the ideas of perestroika is now taking place. The 27th CPSU Congress posed the task of giving back to a person the feeling of being a master. But what has happened? The freezing of wages through taxes. Distribution is not on the basis of labor but on the basis of social cunning. The one who is bold is the one who eats, as the saying goes. This corrupts people. The urge to cut back the work of the councils of labor collectives is to be observed everywhere. And to create in their place an enterprise council where the proprietor will have half the votes. In our opinion the trade unions must help labor collectives to create parallel power structures.

**G. Yanayev**: The workers themselves must achieve the forms for the organization of the working class movement through suffering. Unfortunately some independent movements operate on the basis of prompting from abroad. Their leaders seek to "play the worker card" in their own political interests. However, in spite of all the differences, we will achieve unity all the same. Only in this way will we be able to achieve anything. Yes, our trade unions have been drawn into the political process. And today we do not refuse to participate in political activity.

**A. Stern**, secretary of the World Federation of Trade Unions: Great problems confront you—how to further develop a socialist society. However, we cannot conceive how one can roll back social gains. I sincerely appeal to you: be very careful. Snares are often concealed by words. When they talk about the market they wish to avoid the words—the capitalist mode of production. You too often take such countries as the USA, Sweden, and Finland as an example but you forget that there is still Turkey and Brazil. And you see there are market relations in these countries... The capitalist economy is also incapable of solving all problems and of fully satisfying the needs of the workers.

**G. Yanayev**: Conversion to the market in our country is inevitable. Reviving the economy by another method is impossible. But what kind of a market? We are being clever with the people when we talk about a regulated market, as if one can level out the losses of the workers with its help. The market is a cruel thing, especially in a transition period. This abrupt reversal cannot be accomplished without advice from the people. Therefore we require a referendum. The people must give conscious consent to such a step. And for this purpose one must tell them honestly about the state of our economy and

explain the inevitable negative consequences of the conversion to market relationships. And the main thing is that it will be later on, after the conversion to the market. Then there is unemployment... A sharp rise in prices, by an order of magnitude, no less. But you see even now we have 80 million persons living beyond the poverty line. We have put forward several alternative draft laws which would be able to cushion the burden of the conversion to the market. This is our firm position. We think that it is immoral to begin market relationships with an increase in prices.

**L. Solomin**, president of the Kazakh republic trade union "Unity": The market requires from the trade unions more effective protection of the workers. Well, today perhaps they need less of it? We in Kazakhstan have created the trade union "Unity" which includes farmers, leaseholders and cooperative members. Who, except for us, can protect them? The law on cooperatives had just been issued when about 800 legally binding documents were "tied" into it. It's not the fault but the misfortune of the workers that they constantly become rigid with fear—what more are they thinking up above? We have defended the motorists of Alma-Ata who worked on a lease basis. The city executive committee decided to cancel the lease agreement with them. We then organized a strike. We have won more than a hundred cases in the courts concerning the illegal shutting-down of cooperatives. In short, we need specific causes for the people to see the trade unions as their defenders. Many different unions and associations are now being created. However the many have one goal—to cut into the pie in order to grab themselves a little piece.

**N. Kotikova**, member of the Moscow workers club: Many think that the market economy is an opportunity to rob the workers and peasants even more vigorously. But in fact even now the predatory structures get most favored nation treatment. Take the example of our flour milling combine. The enterprise gets 1,200 rubles in output on average per person. Of this amount it transfers 250 rubles to the state budget, the ministry takes 800 rubles, and only 150 rubles is left over for wages. And this robbery in broad daylight takes place before the eyes of the trade unions. In order to somehow get organized, we have created the workers club. We have suggested that the collective re-elect the trade union committee but the workers have not supported us.

**E. Klopov**, deputy director of the International Workers' Movement Institute of the USSR Academy of Sciences: For many years the workers movement in our country has been permanently degraded and has become a caricature in the form of socialist competition and the rationalizers movement. This led to lumpenproletarianism, to an attempt to live without working. The worker got used to the fact that they must feed him in any case. Whether you work or not, the master is obliged to give you a minimum wage. Society has lost a normal social structure. The regeneration of the workers movement is now beginning. An example is the congress of the workers confederation in Novokuznetsk.

**A. Bukhvostov**, chairman of the trade union committee of the Gomselmarsh plant: In April we had the "fallout" from the national indignation in connection with the slow elimination of the consequences of the Chernobyl tragedy. Strike committees began to be established at the enterprises. I headed the Gomel city committee. It included all the chairmen of the city's trade union committees. We think that the authority of the trade unions will be high when they stop standing aloof from the people's pain. And one more thing: the independence of the trade union movement must begin with the primary organizations. One cannot permit trade union workers to receive bonuses from the administration. Unfortunately, for the time being we are operating under the old rules.

**V. Borodin**, chairman of the central committee of the chemical and petrochemical industry workers union: In order to go to the market one has to have funds. And they are seized from the labor collectives by a tax. They suggest that we lease fixed production capital. But who will be able to lease an enterprise whose value is 800 million rubles. We have soon forgotten that a contradiction exists between capital and labor. They have discovered the next panacea—the market. And we don't ponder why poverty flourishes in Ecuador and Brazil under market relationships.

**D. Yakovlev**, chairman of the central committee of the union of the workers of scientific-technical and scientific-production cooperatives, enterprises and organizations: All our life is woven out of contradictions. The interests of the party contradict the interests of the government. The interests of the government, in turn, contradict the interests of the ministries. And so down to the enterprise and the labor collective, whose interests also do not coincide. Hence, apparently, all our failures.

Moreover, these failures are related to the incompetency of the government which is incapable of predicting the consequences of its decisions. This doesn't surprise me personally, since the level of our cadres is very low. Our investigations have shown that out of the six million engineers in the country only 3-5 percent are capable of solving engineering problems. After the vuzes specialists quickly lose their skills since they don't work at their occupation and become administrators. I think that matters also stand no better with professionalism among the cadres of trade union workers. Therefore I suggest the creation of a "business club" under the chairman of the AUCCTU. It will gather together those who are capable of generating ideas.

We talk a lot about the protective functions of the trade unions. I think that these functions are not to be restricted only to protecting the worker from the bureaucrat-administrator. For example, we have developed the program of an autonomous farm and have created a radiometric instrument with the help of which any person can check the quality of the products he buys.

However, it is very difficult to introduce these innovations into production. But the fact is that they will serve the interests of our people. There is where the help of the trade unions is needed.

**K. Zbigniew**, head of the socio-economic department of the All-Polish Council of Trade Unions: Our people have already become acquainted with the negative consequences of the market. And although we all are now millionaires, since the average monthly wage amounts to 600,000 zloty on the average, there are not many buyers in the stores. For example, I will tell you that a television set costs us about ten million zloty. Free prices for goods has led to hyperinflation. In the struggle with it the government has blocked an increase in wages. And the people's real incomes have fallen by 42 percent.

Society for the present is enduring this situation, believing that the Mazowiecki government is stabilizing the situation and will turn the country to a better future. Many economists warn that the "shock therapy" can cure a sick economy but in the process a fatal outcome for the patient is not ruled out.

On our television I saw that the shelves of Polish stores are crammed with goods. However, there a few buyers. The workers spend 90 percent of their wages for food. The labor minister, Kuron, is now introducing free meals for workers. This is an insult to working people.

The trade network is not ordering more goods since the shelves in the stores are full. Industry is cutting down production as a result. Unemployment is growing. Today in Poland economic activity is strictly detached from social programs. Kindergartens and workers clubs are closing down at the enterprises. People have stopped going to theaters and concert halls.

**N. Sidorov**: Can the trade unions support the idea of the buying back of state property by citizens. Given a situation in which 80 million people in the country have an income lower than a living wage, I think that the answer is no. The property ought to pass to the labor collective without any buy-back as an unique indivisible fund.

**Yu. Volkov**, Higher Trade Union Movement School department head: There is only one conventional mechanism for setting prices—the market. However, we cannot convert to it now because of the social tension in society. What's the way out? To have the two economies exist in parallel during the transition period. However, at the same time, one must introduce a rationing system without fail.

**A. Aitamurto**, second chairman of the Central Organization of Trade Unions of Finland: There are four trade union centers in our country. The largest of them is the Central Organization of Trade Unions of Finland. It is a trade union which unites office workers and medical personnel.

The employers are also united in their own union. There is the Central Union of Employers. A collective contract is concluded between the trade union center and the employers union. This document is binding for all firms whose administration is a member of the union. Not one of them has the right to set a wage lower than that indicated in the collective contract.

In closing the practical-scientific conference AUCCTU department head S. Kramarenko emphasized that he would not venture to comment on or give an evaluation of the particular views and concepts expressed during the discussion. Each speech had its rational core...

Perhaps it makes sense to agree with this and to invite the readers to continue the discussion of the problems of the trade union movement at the present stage.

#### AUCCTU Plenum Reviews Chernobyl Program 904F0217A Moscow TRUD in Russian 24 Jul 90 p 1,2

[Article by O. Anastasyev and A. Rostarchuk: "Chernobyl—Our Common Pain and Concern"]

[Text] The draft Program of Action of Trade Unions on Matters Associated With the Consequences of the Chernobyl Nuclear Power Plant Accident was examined at the 9th AUCCTU [All-Union Central Council of Trade Unions] Plenum.

And today, four years after the tragedy on the banks of the Pripyat, we are still hounded by an aching sense of anxiety—for ourselves, for our children and for our grandchildren. The bitter truth is known—about those who died and were exposed to radiation, about the ecological and economic damage suffered by the country. About the fact that even today, over four million persons live in areas contaminated by radioactive substances, including over 260,000 in zones of so-called rigid control, and the scale of the disaster is still being updated. And we have finally begun talking openly about the fact that the efforts undertaken by the country to recover from the consequences of the accident are clearly insufficient. This is why we need to unite all efforts and resources to deal with the disaster. And the trade unions simply do not have the right not to participate in solving the extreme and numerous problems of Chernobyl.

This thought was emphasized in the report given at the plenum by AUCCTU Secretary G. F. Sukhoruchenkova. She noted that despite all of the costs, much has been done to support the normal life and treatment of people who suffered in the accident. Without this work, the consequences of the tragedy doubtlessly might have been much greater. However, without belittling the work that has been done, we must nonetheless admit that the measures implemented by the government, ministries and departments have not been able to solve most of the problems so vitally important to the people. Evidence of this can be found in the numerous letters and the appeals of labor collectives to various bodies, including the

AUCCTU. Residents of the stricken regions do not know how much radioactive contamination there is in the places in which they are forced to live. Supply of clean food is poorly organized, serious shortcomings are noted in medical services, and the problems of moving people out of highly radioactive zones are being solved impermissibly slowly. Nor has an answer been given to the main question: Can people live on this land at all? Unfortunately, we still do not have a scientifically grounded conception of the possibility of habitation of the afflicted areas.

The AUCCTU made a number of specific demands of the USSR Council of Ministers, many of which were reflected in the system of state accident recovery measures. And even from the very beginning, from the first days when the details of the misfortune became known, the trade unions responded to the grief of the victims. In an extremely short time after the accident, around 75,000 beds were set up for evacuees in trade union health resorts, and conditions were created making it possible to provide assistance to patients who suffered high doses of radiation. Together with labor collectives the trade union councils and committees organized reception of children and parents with children at sanatoriums, departmental health resorts and children's health camps.

And this year over 470,000 persons will restore their health just on the basis of specific-purpose passes issued by the AUCCTU—six times more than last year. In response to a proposal from the AUCCTU and in compliance with a ukase of the USSR President, the trade union councils of Russia, the Ukraine, Georgia, Moldavia, Kirghizia, Latvia, Tajikistan and other territories sought out the possibilities and allocated over 230,000 passes to schoolchildren for children's health camps and work-rest camps.

At the same time, the speaker noted, the volume of this work could have been significantly greater, had all central committees, ministries, departments and councils of ministers of the union republics fully supported fulfillment of decrees of the USSR Council of Ministers and the AUCCTU, and the ukase of the country's president. Unfortunately, almost 200,000 passes for the summer period did not make it into the hands of the population in the afflicted territories. The trade unions were compelled to compensate for the shortfall.

Here is another fact that was brought to the awareness of the plenum: It was only owing to the persistence of the trade unions that what can be called without exaggeration the hostile attitude of the USSR Ministry of Health toward a large group of accident recovery workers was corrected. For a long time, medical workers denied a direct relationship between the work of these people in Chernobyl and health disorders. The newspaper TRUD raised this issue on its pages many times, by the way. These people—there are more than 600,000 of them—found themselves to be the most unprotected category of real heroes. Two years ago the first interdepartmental

experimental council was organized by a government decision to establish the causes and the relationship of illnesses and disabilities of recovery workers to their work. Such councils are now being organized in the RSFSR, in the Ukraine, in Belorussia and in Moscow. The people have finally been given the possibility for receiving assistance and all benefits foreseen for victims of radiation sickness.

Obviously, the trade unions have done a great deal. But there still is much more to do. And the basic directions of this work were formulated in the draft program approved by the plenum. One thing that is perhaps very important is that it does not concern itself exclusively with Chernobyl. Its very first section encompasses the problems of ensuring the safety of nuclear power engineering in general, and reviewing the legislation and the management systems associated with these issues. There are plans for providing trade unions broader possibilities, including in developing the strategy and tactics of the Chernobyl recovery effort—as consultants or opponents.

The demand of the trade unions to develop a long-range national policy in power engineering and nuclear safety is doubtlessly important. The program spells out a complex of measures in support of state and republic programs to assist accident victims, and at the same time it foresees trade union surveillance over the implementation of decisions adopted by the USSR Council of Ministers and the AUCCTU to reinforce health protection and to improve medical services, the material status and social welfare of people living in contaminated zones, of accident recovery workers, and of evacuees.

There is probably no reason to dwell in too much detail on all points of this document. Let us simply say that it points out the need for developing and submitting proposals, jointly with the councils of ministers of the RSFSR, the Ukraine and Belorussia, for scientifically justified criteria of safe habitation of territories exposed to radioactive contamination by as early as this year. This document also discusses the importance of drawing up, as quickly as possible, a long-range state program on protection of the USSR population against the consequences of the accident, and of a USSR law on the Chernobyl catastrophe determining the legal status of the tragedy's victims and recovery workers, of people who did work in the afflicted zone, and those who were forced to move out.

Of course, there is a sad conclusion that could be made here by everyone: All of this should have been done yesterday, four years ago. And the conclusion would be absolutely correct. But we must admit that before, we still did not know how to accept responsibility for everything that goes on in the nation, and even now, we are only just beginning to learn this lesson. In those days we laid our hopes more and more on the almighty center and on the omnipotent departments; however, it turned out that they could not do very much at all without

public surveillance and assistance. And most importantly, we did not know the truth in those days. To compensate, we now have to do the maximum possible—both in the sense of assisting the victims and in regard to preventing possible accidents in the future.

In general, during the first stages of the tragedy's recovery efforts the central authorities leaned toward simple and even simplistic solutions. For example the government granted administrative executives the right to increase the salaries and wages of workers employed in regions and in jobs exposing them to elevated radioactivity by 25 percent. But without accounting for the level of radioactive contamination! In this connection the AUCCTU now feels it necessary (a little late, but finally) to raise the issue, before the USSR Council of Ministers, of introducing differentiated wages, based on pay rates increased by over 25 percent, for all workers at enterprises, organizations and institutions depending on the level of radioactive contamination of soil and on the possible dose of radionuclides that may be taken up by the organism in the course of a calendar year. Extra payments to persons receiving pensions and assistance should be introduced in the same fashion.

Moreover, these expenses should be compensated by the state budget—it was not the labor collectives that were to blame for the accident, after all. Therefore we cannot agree with the explanation given by the USSR State Committee for Labor and Wages, which feels that extra payments should be covered by the assets of the enterprises and organizations.

The Program of Action of the Trade Unions devotes a special place to improving the health of the people. As we know, USSR President M. S. Gorbachev asked the trade unions to take charge of organizing and coordinating activities to improve the health of people living in contaminated territories. Creation of a support system and enlargement of the scale of assistance in trade union sanatoriums and vacation homes are foreseen in relation to victims for this purpose. But this is doubtlessly a forced and temporary measure. All additional passes are being allocated at the expense of laborers and their children from other regions, who also require sanatorium and health resort treatment. All the more so because despite the numerous appeals of the AUCCTU to the government, not one of the health resorts that belonged to the former fourth main administrations of the USSR and the republics has been transferred to the trade unions. Consequently in the next 2 or 3 years we need to accelerate construction of specialized institutions that would be able to satisfy the needs of the laborers. The AUCCTU submitted a proposal to the USSR President to erect not less than 300 children's sanatorium-type health improvement centers in ecologically clean regions of the European part of the country in 1991-1992.

It was also proposed at the plenum that we establish an all-union trade union solidarity fund, conditionally the "Fund to Save the Children," the assets of which could

be accumulated by distributing a trade union solidarity stamp, by accepting money contributions from trade union organizations and trade union central committees, and by transferring profits from commercial activities. Creating a special union republic commission on problems associated with the Chernobyl Nuclear Power Plant accident and its consequences under the country's trade union center was also proposed.

International collaboration of trade unions in organizing assistance to accident victims is also bearing good fruits. This work is to be developed in every possible way. There are plans in particular for drawing up an international trade union working program and a list of demands directed at ensuring higher safety in nuclear power engineering in all the world.

It must be recognized that by realizing even a tenth of this program the trade unions would be able to significantly rectify the situation. But do they have enough strength to do this? Without active and comprehensive assistance of the government, ministries and departments, which was criticized so much at the plenum, the proposed program will transform into just another "list of measures" languishing in references, statements and meaningless reports. Anyway, time will tell.

Today it is clear, said Belorussian Trade Union Council Chairman V. I. Goncharik during the debates, that the corresponding competent state bodies proved themselves to be totally incompetent and unprepared to implement the necessary priority measures in the extreme situation. Moreover, the entire truth has still not been spoken. The essence is that the Chernobyl disaster was not simply a production accident at a nuclear power plant. This was essentially an "accident" of the authoritarian administrative system, of our way of life, of our thinking. We have all become victims of a state crime.

Discussing the priority problems, V. I. Goncharik and his associates—Gomel Oblast Trade Union Council Chairman V. D. Leskov and Mogilev Oblast Trade Union Council Secretary N. D. Pupkov—emphasized that new, nonstandard and radical ideas were needed. The money needed for their support must be obtained by the government by scaling down all other programs. The problems of reserving a number of health resorts for the population in afflicted regions, and for recovery workers as well, for a long period of time must be resolved without delay. Concurrently sanatoriums for parents with children and children's health camps must be erected on an emergency basis, once again through the efforts of the state and the trade unions, and with the assistance of foreign firms.

It is hard not to agree with the idea stated at the plenum that all issues associated with survival in our troubled century can be resolved only on the basis of consolidation of the society, of its stability, of national consent. But if the confrontation that is unfortunately growing deeper today continues, we will make another step toward a general national disaster. What we are talking

about today is not the advantages of one political slogan over another. It is time to understand that Chernobyl, the Aral, Semipalatinsk and other ecological and interethnic disasters "made by human hands" are forcing us to make a hard choice—life or death. Renewing themselves, and essentially undergoing a rebirth, the trade unions must become the consolidating force in society, in cooperation with other sociopolitical organizations and movements.

For this, they will of course have to regain and defend their authority before the people, squandered over years of inactivity, servility and fawning. And perhaps their active participation in solving the Chernobyl problem will become one of the main steps in this direction.

S. S. Yevtushenko, deputy chairman of the Ukrainian Trade Union Council, focused his attention on what is troubling people living in afflicted zones the most. Many of them, you see, are still unaware that the land is contaminated, and services of the USSR State Committee for Hydrometeorology are not providing exhaustive information. There are serious complaints against the Ministry of Atomic Energy and Industry, which would not cooperate in building at least a Pioneer camp for victimized children, even if it were to receive the corresponding compensation. As far as creating a trade union solidarity fund is concerned, in the opinion of the speaker this action would elicit only a storm of indignation from the victims. There are many of all kinds of funds, but hardly a single specific family ever received a single kopeck, except for social security payments.

L. I. Novak, chairman of the Central Committee of the Medical Workers' Trade Union, noted that the statistics of radiation sickness presently being cited are simply laughable. A dependable information system for maintaining personal and group records on the population of places where spots of radionuclide fallout have been revealed is still nonexistent. The time has come to create a laboratory for this purpose, following the example of those organizing for the fight against AIDS.

The statement by N. S. Bushkov, chairman of the Central Committee of the Atomic Energy and Industry Workers' Trade Union, rang a dissonant chord at the plenum. We feel he expressed the point of view of the sector's workers and its executives. His accusations directed at journalists for arousing passions concerning the accident at the Chernobyl Nuclear Power Plant would hardly elicit a positive reaction; nor would his statement that residents of the new city of Slavutich, which was "planted" on a contaminated spot, suffer fewer illnesses than all of the country's inhabitants on the average, according to the statistics.

This approach did not find any support at the plenum. On the contrary Bryansk Oblast Trade Union Council Chairman V. A. Ivashutin, World Trade Union Federation Secretary V. Ye. Mozhayev and others spoke of the insistent need to multiply efforts to aid in the recovery from the Chernobyl disaster, and they generally

approved of the efforts of the public and the Program of Action of the Trade Unions. All statements were permeated by a single thought: Chernobyl is our common pain and concern, and all of us, each of us must do everything possible so that not a single victim would feel himself to be abandoned, so that the tragedy would never be repeated.

### Workers Threaten Strikes Over Tobacco Shortages

#### Widespread Threats

*/904D01824 Moscow RABOCHAYA TRIBUNA in Russian 22 Jul 90 p 1*

[Article by A. Nadzharov, Moscow: "The Tobacco Rebellion: Everything Must Be Done to Keep It From Happening"]

[Text] We in the editor's office were just informed that combines were stopped in one of the farms of Krasnodar Kray. Because of the unavailability of cigarettes, machine operators announced a "smoke break." Workers of the city of Berezniki, Perm Oblast, are on the brink of a strike.

The situation is also similar in a number of enterprises of Ulyanovsk, Lipetsk and Ufa. The cause for the people's indignation is understandable—smoking materials have disappeared from the marketplace.

What happened to a commodity which has never appeared on the scarce goods lists?

"That this was going to happen should have been expected long ago," said RSFSR Trade Minister P. Kurenkov. "Production stopped due to a shortage of paper and of cotton for cigarette filters. Two plants manufacturing them are located in Armenia. And that's a zone of earthquakes and international conflicts. In a word, we can't count on help from there."

"But you're talking about filter cigarettes, while the people will settle for any tobacco articles—they're even ready to start rolling their own."

"Yes, tobacco is a problem. Everything that even smells like tobacco has been bought up."

"What, then, is the solution to the problem?"

"In my opinion the government needs to adopt a decision to purchase tobacco articles from abroad. Specifically, the filters and paper we need can be bought there. We had been doing this until recently. But suppliers stopped further deliveries because the Soviet side is slow in making payments on contracts already signed. The situation has become so serious that we now need the finished articles. They are needed badly enough to even be flown in."

Smoking is bad, of course. But it is even worse to spoil the mood of tens of millions of people. All the more so

because this is happening due to the inefficiency and short-sightedness of government officials who have become distracted by political games and, it appears, have forgotten about the elementary needs of simple people.

### Kuybyshev 'Warning' Strike

904D0182B Moscow SOVETSKAYA ROSSIYA in Russian 22 Jul 90 p 6

[Article by correspondent A. Solarev, Kuybyshev: "Smoke Breaks Without Tobacco"]

[Text] No one is surprised by strikes these days. The demands of the strikers are the most varied. But I am certain that demands such as those of a number of Kuybyshev's largest enterprises have never been made before. The workers of a number of shops conducted warning strikes at the aviation, machinery and metallurgical associations, at the Progress Plant and at the State Bearing Plant No 9. They declared that without smoking materials, there would be no work.

Tobacco articles are not just scarce in Kuybyshev—they are absolutely unavailable. A few days ago they disappeared completely from the shelves. Even rustic tobacco, which has been used as an extract in recent times as a garden spray, is unavailable. One of the workers of the aviation plant sadly admitted to me that this was the third day he was smoking roll-your-own tea cigarettes, and another had switched to moss.

"We have known since childhood that smoking is bad," said V. Medvedev, deputy chairman of the aviation plant's trade union committee. "But now we are finding that it is even worse for smokers not to smoke. In recent days there has been a sharp rise in gastric and other illnesses at the plant. The number of visits to neuro-pathologists in the plant's medical unit has increased. There is one cause—in the absence of smoking materials, stress increases, and consequently all illnesses associated with the nervous system are aggravated. If tobacco is going to be unavailable for another few days, there will be no more strikes: All smokers will be in the hospital. The stressfulness of the moment was reduced at the machinery association after two packs of Rodopi cigarettes were issued to each smoker. They even had to sign for them!"

"Unfortunately we can't allow ourselves such a luxury—there's no possibility for it," said M. Ovodenko, general director of the metallurgical association. "And I am not surprised at all by the drop in output or by the 'smoke breaks without tobacco,' as the workers themselves christened their strikes."

Where did all of the smoking materials go? At first the workers blamed it all on the trade mafia, which had supposedly hidden all of the stores. Immediately an inspection commission of workers' control of the oblast machine building industry trade union committee

headed by its chairman, S. Mokshakov, made unannounced inspections of the warehouses and stores. But to everyone's amazement the inspections produced no results. The warehouses and stock rooms were just as empty as the shelves.

Oblast executive committee deputy chairman A. Dubtsov explains:

"One of the causes is the repairs being made on the Kuybyshev Tobacco Factory, which provides us with 80 percent of our cigarettes. Planned repairs usually always occur at the factory at this time. But as I recall, nothing of this sort happened in previous years. The reserves were enough to get us through. Therefore the main reason for the shortage lies in speculation. In half a year we sold 10 percent more tobacco articles than planned. Either the people have begun smoking more, or they have made stockpiles for themselves. The Yelets Tobacco Factory in Voronezh Oblast owes us three million rubles' worth of products. And it doesn't want to deliver them. As it turns out, the Voronezh Oblast Executive Committee prohibited delivery of tobacco articles, even when they were paid for, to other regions. There's not enough for themselves, they say. So what are we to do—stop supplying them with gasoline or motor vehicles? We have now come up with different ways of exchanging vehicles for cigarettes."

The plants are also seeking solutions. That same M. Ovodenko telephoned his associates and fellow directors, and he found some cigarettes. But he is not about to reveal his secret. Nor are the general directors of other industrial giants sitting idly. They have all abandoned even the most urgent matters in order to find smoking materials anywhere in the country.

"We have an airplane at our aviation plant," said deputy general director A. Butsyk, "in full combat readiness so to speak, prepared to take off at any moment for any point in the Soviet Union, as soon as tobacco merchants are identified. What's to be done? The state and its local administrative bodies are directly forcing us into such adventures."

As I returned from the aviation plant I noticed crowds of gypsy children milling near the large stores. They were vying for passers-by willing to buy Opal, Inter, Kosmos, Stolichnyye, Belomor and Astru cigarettes—at a price of up to 5 rubles a pack. And an old woman was parked on a bench in the square. Next to her on the bench was an open pack of Belomors, and a box of matches. A young lad came up to her, placed a 20 kopeck coin in her little dry palm, took a cigarette, lit up, and thanked her.

### Crisis in Tobacco Industry

904D0182C Moscow IZVESTIYA in Russian 21 Jul 90 Morning Edition p 7

[Article by V. Marinin: "Tobacco Is the Problem, and There Are No Improvements in Sight"]

[Text] The lines at the tobacco stalls are becoming longer and the mood of the people in them is becoming more belligerent with every day (in a number of cases Moscow militia have had to intervene, pulling fighting smokers apart). Grim notices declare: "No person is to receive more than 10 packs of tobacco articles and 10 boxes of matches," even though in reality these norms aren't being fulfilled either. What happened?

Moscow's Yava Tobacco Factory is under annual preventive repairs these days, and it will resume work in early August. But its executives feel that Yava's contribution to the tobacco scarcity is but a drop in a bucket, and that it will not be able to solve the problem. Moreover the factory itself has recently been living a difficult life. There are no filters (they have been unavailable for almost a year). They are manufactured for the entire country only by the Yerevan Tobacco Combine. The few small enterprises in the Ukraine cannot be counted—they have barely enough output to provide for their own republic. And workers in Yerevan are idle because they get their fiber from the Kirovakan Chemical Combine, which has still not been fully restored since the earthquake. Moreover, suppliers in other republics are letting them down as well.

Tobacco plantations are diminishing everywhere: Tobacco growing is troublesome, and for a long time the purchase prices have not been in keeping with the labor outlays. The equipment is worn out. Even in the capital's Yava Factory the principal machine tools are over 15 years old, and that's the maximum age. But there is even equipment that was installed just a little after the war. The work here is hard, it is difficult to find people, at the same time that the highest class of master repairmen are needed for the automatic high-speed machines, which shoot up to 7,200 cigarettes out a minute.

Yava and Dukat are not the only factories breaking their rhythm for the indicated reasons: Many Russian factories are totally idle, having no raw materials for cigarettes and cigarette packs.

But perhaps "we could get help from abroad"? Hardly. It's been a long time since the bank has paid any money on accounts with foreign companies supplying equipment and spare parts—the country has no hard currency. Nor do the enterprises have their own money: Our cigarettes (of the so-called eastern type) cannot compete in the world market. They contain too much oil and nicotine, and their tar content is high. To sum up, there is good reason for the warnings from the USSR Ministry of Health.

There is little hope for help from Bulgaria, which in many ways helped to saturate our tobacco market for year after year: Many Turkish families who specialized in tobacco growing have left, and production is decreasing there as well.

The present situation came about because the last time major investments were made by the government into this very profitable sector was in 1980-1985. After the USSR State Agroindustrial Committee was disbanded, the sector became for all intents and purposes an orphan. And the sole government tobacco program, with which many are familiar, concerned itself only with sharply increasing prices on tobacco articles. Do you remember last year's meeting of the country's parliament, in which this idea was voted down? But it was precisely from that day that tobacco speculation began. And the trade figures show that in the first half of the year, tobacco sales in just Moscow alone increased by approximately 20 percent. The people were clearly stockpiling.

So what are we to do? We cannot afford to buy cigarettes at commercial prices (from 10 to 20 rubles a pack). Whom can we count on? Is this really another area in which the government cannot find a solution acceptable to millions of fellow citizens?

## RAIL SYSTEMS

### Market Economy Impact on Railroad Noted 904H0248A Moscow GUDOK in Russian 1 Jul 90 p 2

[Interview with I. Myshkovskiy, candidate of economic sciences, by GUDOK editorial staff: "On the Eve of Changes"]

[Text] People in the country, including railroad workers, have reacted ambiguously to the concept of a shift to a regulated market economy presented by the government. The editorial staff has asked I. Myshkovskiy, candidate of economic sciences, to respond to our readers' questions on the shift to a market economy.

[Myshkovskiy] The government's report is extensive and many-sided. But I am puzzled, as other railroad workers probably are, by the fact that there was not one word about transport in such an extensive report.

The market is the circulation of goods, and it is simply impossible without transport. The railways' crucial role is confirmed by the many centuries of history in which a world market has developed. After all, England would not be England without a powerful maritime fleet, and the United States has 2.4 times less territory but its railroads are 1.8 times longer than in the USSR, even though it is vastly superior in motor vehicle and water transport. But it follows from the report that our historical experience is not taken into account. Disregard for the transportation problem which both the public and the national economy is suffering from cannot be tolerated. For this reason, the period of transition to the market should be utilized to the maximum extent for accelerated development and reinforcement of railroad transport, which should be reflected in the concept of the shift.

[Question] Many people share your opinion, judging by the letters and telephone calls. But we would like to hear specific suggestions which will enable transport to operate with stability under the new conditions.

[Myshkovskiy] A great deal of attention is devoted in the report to prices, but a question such as the correlation between wholesale prices and transport tariffs was bypassed. An extremely gross error was permitted in price setting during the period of stagnation. Tariffs and prices were not set in a combination and coordinated with each other, but independently and separately. While the prices for products consumed by transport steadily increased, the tariffs were not changed for decades. Because of the "discrepancies" produced over the past 20 years, railroad transport's profitability decreased by a factor of 2.5 and its financial condition deteriorated sharply.

It is essential that this error be corrected when prices are reformed. How? By introducing a system of interdependent and coordinated indexing of wholesale prices and freight tariffs. That is, each change in the wholesale price

index for a product consumed by transport should entail a change in the tariffs' index. The proportion of transport expenses in the price of a commodity should be stable, as a rule. This is a basic condition for stability in transport development.

I would add to what has been said that the Ministry of Railways and the railroads must be given the right of mutual coordination with the shipper to establish higher or lower tariffs when there is a change in transport conditions. Moreover, the state should regulate prices when new rolling stock and machinery delivered for transport are sold. We cannot allow prices to rise faster than their consumption properties do. For example, the prices for locomotives are rising by two to three times as much, but their performance characteristics are essentially being improved by just 50 to 60 percent as much.

[Question] Aside from tariffs, what can improve transport's financial condition?

[Myshkovskiy] It is impractical to count on help from the budget, in my view. We must look for new sources of financing. The part of that economic gain which the national economy receives from the improved quality of work by the railroads is one of them.

Transport is now the only sector of the national economy in which the price of the product does not depend on quality. The entire system for receiving income is based exclusively on the "gross" quantity indicators: ton-kilometers, passenger-kilometers. I propose that transport be financed additionally in accordance with those quality indicators whose improvement not only produces an intrasectoral gain, but a national economic gain as well.

Mainly this means speed in freight delivery, labor productivity and transport production cost, train weight, and so forth. As an example, speeding up freight delivery by 0.1 day, according to estimates, releases commodities valued at 400 million rubles from turnover. No less than one-third of them should be shifted to finance the sector's development.

All the additional profit obtained by increasing labor productivity and reducing the production cost of shipments in railroad transport should remain entirely at its disposal. After all, each percent that expenses are reduced means 160 million rubles of profit.

[Question] The role of economic levers is extraordinarily important in preparing for a regulated market. What should we be devoting our attention to here?

[Myshkovskiy] Stimulation of scientific and technical progress, first of all. The economic levers—prices, amortization, the payment for funds, and bonuses—essentially have become an obstacle to the introduction of new technology instead of stimulating progress.

Let us look at the mechanism of this impediment. Introduction of expensive advanced equipment and rolling stock and an increase in construction cost lead to

an artificial increase in the cost of fixed capital, and consequently, to an increase in what is paid for fixed capital from the profit. In addition, it contributes to an increase in amortization deductions as part of operating expenditures, which reduces profit as well. As an example, each billion rubles of increase in the cost of fixed capital on the Moscow Railroad reduces the railroad's profit by 70 million rubles. The further increase in the norms for amortization deductions which is being contemplated is a new blow at technical progress. As a rule, there are no indicators for technical progress and the output-capital ratio in bonus systems, either.

In order to increase the railroads' receptivity to progress, we must discontinue collecting payment for fixed capital immediately and not increase the norms for amortization deductions. In addition, special steps should be worked out to reduce the cost of building railroad facilities. We should also provide for different tax privileges when the introduction of scientific and technical achievements is speeded up.

Judging by the concept, the government is counting on competition as the main stimulus for scientific and technical progress. But with the existing predominance of demand over supply, it is still a long way to real competition. And later on, no competition will help if the state obstructs technical progress with its economic levers.

[Question] How will relationships between the railroad and freight owners change, in your view?

[Myshkovskiy] I think that we will shift from the "gross" directive five-year and annual plans for shipping freight to the conclusion of direct contracts for the shipment of freight between the railroad, the station, and the freight owner. We will be making up monthly targets based on them. The directive shipment plan, shaped according to the principle of "the level reached plus the obligatory increase coefficient," which is essentially an abstraction, often is not related to an actual requirement. The annual freight shipment plan on the Moscow Railroad in the current five-year plan often exceeded the shippers' order by 4 million tons, and the difference between the five-year plan and the sum of the annual plans reached 10 million.

The demands made of railway workers "to seek out the freight" or "to expose the shippers' inflated orders with railcars" disrupts normal regulation, hinders rolling stock from being sent where it is critically needed, and leads to inefficient shipments. Such "gross planning for the sake of planning" is one of the reasons for the "transportationwastefulness" in the country.

[Question] But what about the state order for delivery of the most important freight?

[Myshkovskiy] It will have to be discontinued. Everything that has been produced and is subject to delivery has to be shipped in conformity with a contract. The category of a priority state order (or as they call it in

other countries, a "government order," or a "treasury order" in prerevolutionary Russia) appears only when the state or some organization acting on its behalf is the shipper. This applies to military shipments, shipments of space equipment, and freight of special importance, including items associated with emergency situations. In conformity with requests from individual shippers, the Ministry of Railways would have to be given the right to stipulate the right of way and top priority for individual shipments for specific periods of time.

[Question] What is your view on fines?

[Myshkovskiy] Fines are not a market category, but an administrative one, and the norms for railcar layovers without charge are set too high and arbitrarily in a number of cases. We have to shift from the system of fining the freight owner for railcars' layover in excess of the norm to an hourly fee for the time the cars spend at loading and unloading facilities.

[Question] Are structural changes required in the sector in connection with the shift to market relations?

[Myshkovskiy] At such a difficult time I doubt whether we need to engage in reorganization. Isn't the point really who will command a locomotive depot—a service or a division? Another approach is needed to structural problems when we are preparing to introduce a market economy. First of all, we should change the professional composition of management personnel. Some 80 to 85 percent of them are engineers and technicians who have little competence in economic matters, and only 15 to 20 percent are economists, financial experts, or lawyers.

[Question] So new organizational forms of management are not needed now?

[Myshkovskiy] During all periods of forming and developing market relationships, under any forms of property in different countries, there has always been and continues to be a ministry of railways or transport. We cannot afford to disregard this experience, in my view.

After the shift to the market, the establishment of "railroad companies" by regions, as they existed in prerevolutionary Russia, may be possible. For example, the "Company of Southwestern Railroads," which belong either to the state or joint stock companies, or even private companies with state financial guarantees (full or partial).

Or perhaps this alternative. Under certain conditions, the state transfers a concession for railroad construction and subsequent operation to both domestic and foreign companies. The interdepartmental Tariff Committee, which existed until 1933, may be reestablished to work out mutually acceptable and profitable tariffs.

**Rail Ministry's Difficulties Conducting Foreign Relations**

904H0248B Moscow GUDOK in Russian 3 Jul 90 p 2

[Article by L. Kiryushina and M. Kosolapova: "Those For Whom a Foreign Trip Is Not a Whim"]

[Text] We committed an act of unprecedented impertinence—we started to find out from one of the senior officials in the Personnel and Educational Institutions Main Administration of the Ministry of Railways if it were possible to be among the lucky persons to go on the first experimental run from Moscow to Madrid. The official was obviously embarrassed by such a question and tried to make a joke out of it: "But wouldn't it be better for you to take a ride to Vladivostok or Arkhangelsk? You will get a lot of impressions."

It is customary for journalists to change their vocation. Indeed, why shouldn't we try to be part of a train brigade traveling to Spain? And you know what came in response: "Do you plan to clean the toilets?" Our conversation ended right there.

The other day, more precisely on 25 June, the first passengers departed the USSR on a trip to Spain without changing trains. But there was no journalist among them, so there was no one to describe all the charms of a trip on the route through Poland, the GDR, the FRG, Switzerland, France, and Spain for you, dear readers. We do not have the opportunity to report the details and features of trips by Soviet citizens to other countries. For this reason, do not judge us too severely because this topic has not appeared in the pages of GUDOK.

But this is what is interesting: we had barely begun speaking about foreign trips when the well-wishers appeared. Their advice essentially was that it is not worth poking one's nose into places where outsiders are prohibited, where only a small circle of insiders make the decisions and direct the affairs.

How they all were mistaken! Associates involved in foreign matters, and the first one was V. Sadovnikov, deputy chief of the Foreign Relations Administration (TsI), not only did not conceal information of interest to us, but even offered to permanently support the "Contacts" rubric in the newspaper, which would provide details on meetings, negotiations, and agreements between Soviet and foreign partners and publicity was available.

Of the numerous documents from which the classification "for official use" had fortunately disappeared, that is, they are not a departmental secret, the "Plan for Trips Abroad by Ministry of Railways Delegations in 1990" attracted the most attention. The sizable document includes 223 positions. But entries of this type appear in it most often—participation in a conference, a meeting, or a session. Provision was made for a visit to the Leipzig

fair, and what is more, participation in the International Film Festival for organizing and automating production and management.

Do not think that we are trying to condemn something, for goodness' sake. International meetings, symposiums and congresses enable our specialists to be informed on technical progress, first of all. But with one indispensable condition—knowledge of the language. Meanwhile, the overwhelming majority of railroad employees do not have a good command of it, as a rule. And you know how this interferes with the work! Some trips turn into just sight-seeing excursions for this reason.

Recently we invited a scientist returning from a foreign trip to the editorial staff and asked him to tell us about the experience he had gone there to study. We were disheartened by his response: "Nothing of the kind! The interpreter knew absolutely nothing about the subject matter and terminology in the sector."

Few would have reacted to such a case two or three years ago. But nowadays it points up a problem. Skilled specialists, and we must assume these are the ones we are sending abroad, know only their native language, as a rule. But what is preventing the sectorial skill improvement institute from providing courses for the intensive study of a foreign language? And not for the sake of coaching those who are sent more often on foreign trips. But also for those who are obliged to be informed on innovations in the world. More than one type of professional activity is inconceivable without this.

But for the present, TsI associates, in addition to their direct responsibilities, which are very important, you understand, have to bear an additional interpreting burden.

Inasmuch as we are disclosing the content of a plan for foreign business trips, it is not out of place for everyone to know that there are persons traveling abroad not only for the purpose of acquiring knowledge, but to check on train brigades and personnel in dining cars on international trains and Ministry of Railways offices.

Of course, we could have gone to the personnel employees who often associate with the train brigades firsthand on their runs. But who needs secondhand information when it can be obtained through one's own observations? We are inclined to assume that they did not trust us to describe the workday routine on a train headed abroad because of overcautiousness. A great deal of what they have preferred to remain silent about would have been revealed suddenly. At the same time, someone traveling abroad on a Ministry of Railways route has the duty to observe the conductors, waiters, and other people with a followup report. We speak of this only because, despite the changing times, the Ministry of Railways personnel service is not inclined to permit journalists into the restricted area which has always covered trains in international service. An entire stratum of life off screen. What a pity...

So that readers do not get the impression that we started the entire discussion because we were deeply offended (just as they did not let Dunka go to Europe), let us say in all seriousness: we undertook this delicate topic solely to find out why our railroad personnel are traveling abroad and to tell others about it.

We know a little now about the conferences and checkups. What remains is to interpret what in our view is the most important section of the plan—the Ministry of Railways' business cooperation with other countries. Reporting on talks at which we were not present is a thankless task. Let us turn to the reports on business trips kept in the TsNIITEI [Railroad Transport Information, Economic Technical Research and Propaganda Central Scientific Research Institute]

Last September, for example, Ye. Dubinskiy, the chief designer of the PKB TsT [planning and design bureau of unknown component] held talks with the Czechoslovaks about welding on locomotive wheel pair rims. Renovating a flange that is worn out without rolling out the underframe is an insoluble problem for us at present. The recommendation from returning specialists puzzled us somewhat: "Purchase 10 units of flange lubricators for the Transbaykal and Far Eastern Railroads and other lines which have mountainous terrain." As you see, they traveled for one thing, but they propose something else. Although there was nothing reprehensible in it.

Last January K. Rakov, chief engineer of the VNIIZhT [All-Union Railroad Transport Scientific Research Institute] and three other specialists visited India, which had expressed interest in the technology for repairing railcars at the Yasinovataya and Krasnoarmeysk depots on the Donetsk Railroad. According to the negotiation results, the VNIIZhT was committed, in particular, to send India working plans in the English language, as the partners require.

You see what is happening to us. Even the scientists are compelled to learn. Interpreters alone cannot manage this work.

There is also reason to inform readers about the first session of the Soviet-American Commission on Cooperation in Transportation Science and Technology. It was held last fall. The basic directions for working together were defined more precisely here. In particular, this concerned the selection and training of locomotive engineers, the technology for maintaining continuous welded railway track, rail flaw detection, monitoring of bridge condition, and high-speed passenger services.

The last topic was discussed recently at a symposium of the American High-Speed Traffic Association held in Texas. The Soviet delegation was led by Deputy Minister G. Fadeev. In a note prepared for the name of the minister, instructions from Nikolay Semenovich in which he orders that the public be acquainted with this matter were of interest. We hope that this will be done before long.

We believe that the facts we have cited are sufficient to understand why the Ministry of Railways is sending people abroad. We have not held anything back, all the same—we decided to tell about one more position in the plan. It was worded this way: providing assistance to the supplier firm General Electric Signal in implementing the "Saturn" project. This means that the Soviet side will adapt the British system of dispatch control to our conditions. For those who do not know about this, let us say that it is the innovation which is being introduced on the Moscow-Kalinin section.

It seems to us that this approach to foreign technology can be considered the most acceptable. The formula of go, see, buy, and install, as experience shows, is very questionable. Especially if our technical and organizational features and the level of personnel training are taken into account. And if the equipment installed nowadays runs into many tens of billions of rubles, one of the reasons is that we have disregarded our reality.

And this is the reality in the sector: "Because of the prolonged development of new rolling stock and track machinery by industry, the systematic deficiency in the delivery of rails and switches, and the imbalance in the repair base and infrastructure of railroad transport, the technical level of the main Soviet railroad facilities is lagging up to a generation behind the advanced level in other countries." We took this lengthy sentence from a report by the VNIIZhT. We have no grounds to question the scientists' conclusion. Both the specialists and ordinary citizens see that this exists. That is why it is so difficult for everything new to force its way through: it is alien to the outdated technologies and production relationships which accompany them.

Now all that remains is to tell about the people who travel about the world. Cooks from station restaurants go for so-called gastronomical weeks. Physicians in TsKB-4 [Central Design Office] have been receiving on-the-job training in France—they have been mastering the ultrasonic apparatus for disintegrating calculi. Fortunately, we have purchased this equipment.

There is a Ministry of Railways directive on developing youth tourism by rail between the FRG and the USSR (on preferential terms, naturally). In the foreign business trips plan, someone considered it necessary to include familiarization with rest and medical treatment at Romanian health resorts, and someone considered it necessary to include familiarization with the organization of railroad transport museums in Yugoslavia. The American millionaire (Fuqua) is financing a trip to the United States for V. Logunov, the chief of the Container Transport and Commercial Work Main Administration. The joint venture "Sovfinamtrans" is sending its personnel for on-the-job training in Finland. E. Poslavskaya and L. Kochetkova, staffers in the Central Accounting and Finances Main Administration, have gone to the FRG for the same purpose. Professor R. Grigorchuk of the MIIT [Moscow Institute of Railroad Transport Engineers], a doctor of physical and mathematical sciences,

has been lecturing in Bonn at the Max Planck International Mathematics Institute and the local university.

Functionaries show up most often among those who travel to conferences and meetings. Representatives of the army of ordinary persons, without whose direct participation changes are inconceivable in the sector, very seldom travel to them. It is not for us to suggest whom should be sent and where. We would hope only that a foreign trip does not remain an adjunct to a management position.

#### Railcar, Container Repair Facility Established

904H0223A Moscow GUDOK in Russian 10 Jun 90 p 1

[Interview with A. Kolesnikov, chief of the October Railroad Railcar Service, by GUDOK correspondent V. Yurasov: "Railcar Workers Have Combined Efforts"]

[Text] As we have already reported, an association is being formed for freight car repair on the October Railroad. Our correspondent V. Yurasov talks with A. Kolesnikov, chief of the mainline's railcar service.

[Kolesnikov] Its full name is the Specialized Railroad Association for the Technical Maintenance and Repair of Railcars and Containers (DORVK). This will be a cost accounting subunit which will unify the activity of all railcar enterprises. It is experimental in nature at present.

[Yurasov] What led to its establishment?

[Kolesnikov] Under the economic relationships existing today, the depots are incurring very substantial losses within the division, for example. And railcar workers are in difficult straits. The point is that successful work depends to a large extent on the division's relationship with them, not on the quality and amount of rolling stock that is repaired. While previously the financing and material support for current maintenance of freight cars were sent down "from the top," now this is the prerogative of the railroad divisions. But the latter are reluctant to share with the depot workers even what by right should belong to them. And there is an explanation for that: as a multisectorial enterprise, the division receives incomes in accordance with a separate indicator and distributes them to structural units at its own discretion. Since the results of the repairmen's work does not affect fulfillment of the division plan, the attitude toward them is in conformity with this. They are outcasts.

[Yurasov] Specifically how is this shown?

[Kolesnikov] We have analyzed the railroad's nonproductive expenses to process rolling stock in poor repair within its jurisdiction. In 1988, more than 180,000 such cars passed through. Their "run" cost the mainline 3.7 million rubles. And the railroad's average this year is up to 15 trains of such rolling stock per day.

The main reason is that divisions seek to "get rid" of empty cars which require certain expenses to prepare

them for loading. They feel that since a car is going outside the railroad's boundaries anyway, it is not mandatory to waste money to prepare it. Here is an example. The Moscow Division has enough capabilities to select an empty boxcar. For that reason it plans just 1 ruble for its railcar workers to prepare one car. The Murmansk Division is at an impasse. The selection is limited here, but they must load. And they are forced to spend 39 rubles on a car. The depots, which cannot allow themselves to spend more funds on processing than they have been allocated because they are dependent on the railroad divisions, are also subject to this system. After all, the railcar workers have to live themselves; they have to develop production, find funds for economic incentive...

[Yurasov] So it turns out to be an exclusive circle?

[Kolesnikov] Exactly. On one hand, the railroad divisions, by economizing on repairs, sometimes delay loading in the expectation of "good" cars. On the other hand, even with the best will in the world, railcar workers cannot increase the volume of repair work, inasmuch as they are held back by artificially limited financial and material resources. The economic independence which exists does not benefit either one of them. In many respects they do not have common interests.

All the same, in order to earn money, the railcar workers, even in such a meager situation and with all the truths and untruths, try to fulfill the plan. But here is where the suppliers calmly counter our request to increase resources: you are coping with the plan, they say, so everything is in order...

[Yurasov] And isn't it possible to change these relationships?

[Kolesnikov] Alas, the relationships existing today among the railroad's subunits do not give hope for this. The only way out is economic independence for the railcar workers, which also assumes that an association is created.

We have worked out all the normative documents: the decree on cost accounting, the regulations for the association and the railcar depots (they will become independent cost accounting units), and the system of accounting prices for all types of railcar and container repair.

The structure of the railroad's railcar service provides for centralized management on one hand and contract relationships between the depots and divisions on the other hand.

The contract establishes the association's responsibility for fulfillment of a technologically justified norm for the time required to prepare rolling stock at technical maintenance points. The division is responsible for the timely delivery of rolling stock for repair. At the same time, the depot receives payment in accordance with accounting prices for each loaded railcar.

In this way, both sides will have maximum interest in the loading plan. Their incomes will depend directly on its fulfillment.

The contract also stipulates that depots will compensate the railroad division for its costs when the assigned indicators for rolling stock preparation are not fulfilled when there are enough cars. At the same time, the division pays an additional stipulated sum for each above-plan car that is loaded.

Other economic levers have been stipulated for more efficient use of the rolling stock. The association will have a cost accounting shop or section for collecting and distributing old but serviceable parts and restoring machinery...

[Yurasov] Will the railcar service and the corresponding departments in the railroad division be retained?

[Kolesnikov] Our service will become the headquarters of the new association. As far as the railcar departments are concerned, they are being cut back. We are leaving one representative in each division who is being given control functions and assigned to coordinate actions related to the fulfillment of targets.

We have been waiting for the Ministry of Railways to authorize the experiment for nearly a year. This question was reviewed on 31 May by First Deputy Minister V. Ginko, and a positive decision was made.

This is the practical implementation of a task which is important not only for our railroad.

### Disillusioned Qualified Employees Leave Rail System

904H0220A Moscow GUDOK in Russian 8 Jun 90 p 2

[Article by V. Voronin, chief of the Signals and Communications Service, Baykal-Amur Mainline: "Restructuring the Masks, or Why a Manager Is Leaving Transport"]

[Text] Tynda—After working for 15 years in the Ministry of Railways system and rising from engineer to the chief of a service, I am forced to leave railroad transport. Because I see no prospects in my work, and wearing out the seat of my pants in a chair is not interesting, if you will excuse the expression. Incidentally, many young persons and competent specialists who do not find an application for their efforts are leaving now as well. Why? There are several reasons here. And the main one is the conservatism and lack of hope for any kind of substantial changes in the near future in the Ministry of Railways system.

The article "Reorganization Is Not an End in Itself," by A. Vaygel, chief of the Organizational Structures Improvement Department of the Ministry of Railways, which was published in GUDOK recently is proof of this. The author maintains that the existing management structure, which has individual shortcomings, has proved itself historically all the same. The railroad divisions have not become obsolete, but they are the

most acceptable structural units; all the other subunits are shops of a single enterprise, and it is quite impossible to separate them.

In fact, in accordance with the Law on the State Enterprise and the decree on the railroad, the divisions have been granted significant rights and independence to resolve many problems. But responsibility, including economic responsibility, has also increased, and it should have led to a change in the functional duties of the managers of all the structural subunits in the railroad division. However, everything has remained as before.

A situation has developed in which a number of functions performed thus far by services and departments of the railroad management either should be simplified or become completely unnecessary. First of all, we have to get rid of parallelism in the work. It is no secret, after all, that many of our services are simply duplicating each other. I recall the ironic question that V. Ginko, the first deputy minister of railways, asked the managers of our railroad the last time he visited the BAM [Baykal-Amur Mainline]: why is it, he asked, that the chief of the railroad has a deputy for economic affairs, a chief of a service and an entire economic service in the management, and the same in the division, but the chief of a depot does not know much profit his enterprise is receiving?

This question was hard to answer. Everyone knows that by duplicating and at times substituting for each other, our services and departments are not working for an end result, but for paper, a "tick" for the record.

What is the solution here? Cut back on the people? This has already been tried, but it did not help. We need a reorganization. I will demonstrate this with the example of my service. The signals and communications subdivisions could have been consolidated, let us say, and given the right to resolve all their problems independently, beginning with supply and ending with planning financial and economic activity. True, the service in its present form would not be in business then. But it would have to carry out overall technical policy on the railroad. This will require qualities from the employees that are entirely different from those required now: not the ability to make out a smooth report, but the ability to think strategically, not unimaginatively.

But as they say, no one is about to change anything. The decree on the Signals, Communications, and Computer Technology Main Administration stipulates that the functions of the same service are to conform completely to the main administration's functions. This is also stated in the decree drafted by the main administration on the signals, communications and computer technology service, in which the rights of the chief of the service are set forth in just two or three paragraphs, by the way; basically, they come down to providing the railroad management with suggestions on incentive and punishment for the employees of subordinate subdivisions and their transfer. It is obvious from the decree

that the service will henceforth devote itself exclusively to paper work, duplicating both the subdivision and other services in the railroad administration.

I will elaborate. Today we are merely carrying out checking functions in labor safety procedures, traffic safety, supply, and so forth. We undertake any actions on the basis of cases that have already occurred. We do not have the opportunity to correct the activity of subordinate subdivisions somehow, and for this reason we are forced to monitor matters related to others' competence, aside from our purely technical duties, recruiting additional personnel for this.

The service has no real authority. As its chief, I cannot order anything or punish anyone. In order to do this, I need to write an appropriate paper and take it for the signature of a superior. The question arises: why do we need such a service at all? Perhaps it would be more sensible to have several lead engineers on the staff of the railroad management at the level of experts in a large technical service and an operations service, let us say?

In addition, it makes sense to look into the possibility of a sectorial structure for this area. As an example, why not set up a powerful state production association of signals, communications, and computer technology with the appropriate structure from top to bottom? Such a scientific study exists, and Doctor of Technical Sciences A. Breydo spoke about it at a systemwide conference of communications workers in Donetsk. But when it is introduced, the signals and communications subdivisions have to have full independence and not depend financially on the railroad division. They will be working on the basis of contracts concluded for high-quality maintenance of technical facilities.

The main administration, the service, and the subdivision all support such a structure. But it is not being entered in the Ministry of Railways' instructions and normative documents that are in effect. It is a dead end. The instructions should be changed, but they are firmly established in our department. For this reason, attempts to introduce leasing relationships on the railroad, for example, either lead to failure or to some kind of substitute. This is the fate of all innovations. They are simply unacceptable to the ossified system that has developed.

A Ministry of Railways commission, which included Vaygel himself, came to Tynda last year. I remember well his words that the BAM is a young railroad, a new one. And nontraditional management methods are necessary here. "Act and experiment," he said. "We will support you." We were consumed with enthusiasm, at the point of working out an alternative to set up territorial-transport enterprises on the railroad. But as always, the good intentions ran into the brick wall of instructions and recommendations. And everything ended with this.

It seems to me that the existing structure of the Ministry of Railways is insuring itself from reorganization. I agree with V. I. Lenin's dictum that neither the railroads, nor

transport, nor powerful machines and enterprises can function correctly if there is no unity of will which links all available workers in one economic organ which operates with the regularity of a clock mechanism. But carrying the unity of management to the point of absurdity with the help of the Regulations on Railroads of the USSR and the Regulations on the Discipline of Railroad Transport Workers is foolish at best. Owing to them, undisguised boorishness and humiliation of subordinates by superiors have become the companion to one-man rule here. And with impunity, for subordinates have no rights under the same regulations.

The Ministry of Railways considers it quite natural not to investigate the causes or one disruption or another in train traffic, but simply to punish those who are involved in an incident one way or another. Railroad managers' calls to the ministry for all kinds of needed and unneeded investigations, with or without cause (they did not like the order that the railroad operate for a day with the selector, let us say), are also in the order of things. It is not important that an inquiry in the Ministry of Railways will take a half hour, but the railroad to Moscow and back takes a week, and there are many expenses—but then, "steps have been taken."

If something has happened on the railroad, the first question from the top is: "Who has been punished?" No conclusions on the technical level will be given attention. Only the guilty persons are needed. This is where the expression "the man at the switch is at fault" comes from—our own railroad!

Yes, there was an attempt in the ministry to change the structure and style of its work. Attempts were made to cut back on the staff. But even here they could not help but bring the matter to the point of absurdity: they lowered the plan for a reduction and the percent. Then they changed the names of the main administrations to more stylish and modern ones. But they did not change the substance when they changed the masks. And as soon as our new-old minister was in his post, all these quasidemocratic reforms began rolling backwards.

Here is a most typical example. Seeing no way out of the terrible accident situation in the railroad system (and it developed, I am firmly convinced, because of the ministry's foolish technical policy, which forbids the introduction on the railroads of anything which it itself has not approved of), the ministry managers proceeded to increase the traffic safety inspection apparatus, which had already been inflated for a long time. Evidently, the situation will soon get to the point that an inspector is behind the back of every engineer. There is the punishing sword of an empire of fear for you! Instead of a normal engineering solution for complicated problems in transport, there is simply worker intimidation, which leads many of them to despair and some even to an infarction.

It is sufficient to listen to several selective conferences conducted by the ministry and to attend one or two analyses of traffic safety inspection documents to realize

that the style and methods of railroad transport management have remained at the level of the 1930's here.

Clearly, the problem of railroad transport's technical reequipment, like many other problems, cannot be resolved in an hour. These problems have already been tied up in such a tight knot that we must decide right away which end to unravel. I personally think that we must begin with transport management *perestroika*. I am only afraid that there will be no one to do it soon. Thoughtful, innovative specialists are leaving transport. They are leaving because they have not "blended" into the system. So perhaps it should be changed?

#### Rail Accidents Reported

904H0220B Moscow GUDOK in Russian 8 Jun 90 p 3

[Report by L. Dulinets: "Casualties Once Again"]

[Text] Minsk—At 2350 hours on 5 June, a diesel locomotive and the first six cars of passenger train No 651 from Vitebsk to Baranovichi were derailed as the result of a collision with a KamAZ [truck] at kilometer 60 on the Vitebsk-Orsha section, not far from the Stayka station. The driver of the vehicle was killed. Fortunately, there were no serious injuries among the passengers. The locomotive brigade received slight injuries.

Traffic on the section was resumed in six hours. The passengers were taken to the nearest station. Such an outcome is mere chance, all the same. After all, the collision with a passenger train was preceded by another no less serious one with a freight train bound from Orsha to Vitebsk. A KamAZ vehicle darted out on a crossing there, too, although a warning signal was turned on there. The heavy train threw the vehicle onto the adjacent tracks. Unfortunately, a passenger train appeared from the opposite direction, and after colliding with the vehicle on the tracks, it was derailed. Though the railcars were not overturned. The freight consist was not harmed, either, although at the moment of collision with the vehicle, both trains were moving at about 60 kilometers per hour. This time, luck was on the side of the passengers: categorized freight was found in one of the cars in the freight train...

Accidents at crossings which are caused by vehicle drivers are one of the main threats to traffic safety today. Several months ago GUDOK published an article by M. Olovyanikov, the former chief of the Zhabinka Subdivision, in which he said the preventive work in which railroad workers are engaged, collecting signatures of persons supposedly familiar with crossing regulations, is pointless. The author suggested that the subdivision's funds be used to pay the wages of GAI [State Motor Vehicle Inspectorate] employees who have been given full authority in this service to work just with drivers by checking at crossings and patrolling the worst sections. The suggestion was not heard. But the tragedies at crossings are continuing.

#### Rail Official Interviewed on Summer Schedule

904H0220C Moscow RABOCHAYA TRIBUNA in Russian 17 May 90 p 4

[Interview with V. Shatayev, chief of the Passenger Main Administration, Ministry of Railways, by Yu. Grechanik: "The Summer Season for Passengers Is Drawing Near"]

[Text] The time of mass vacations and holidays for students, summer residents, and tourists is drawing near. Something unimaginable usually happens in the terminals and at the ticket counters during this period. But what kind of a summer can be expected on the steel mainlines these days? We began the interview with V. Shatayev, chief of the Passenger Main Administration of the Ministry of Railways, with this question.

[Shatayev] A hot one, I assume. An analysis of our work last year and this year confirms this. Expressed in bureaucratic language, the high public mobility is being maintained.

The Transcaucasus and the Baltic are not the only places in our country for the masses to relax. For this reason, if it turns out to be a little calmer in these directions, the increase in passenger flows on other railroad routes will be reinforced. And suburban and local service will no doubt be burdened more than before.

[Grechanik] So what do you intend to do?

[Shatayev] We are taking steps to speed up and improve railcar repair, as well as to increase the delivery of new ones, although it is more difficult than ever to do this now.

Take the compartment cars, for which there is a tremendous demand now. They make up only 25 percent of the overall fleet, since they are not being turned out in our country and deliveries from the GDR continue to rise in price. In just the past 12 years the price for them has more than doubled and it is still rising. So at present we do not have the opportunity to provide compartments to everyone who wants one.

Moreover, most of the rolling stock we have at our disposal is of obsolete design. And one-fifth of the fleet being used consists of cars that have been patched and repatched and have completed their service life. But at the same time, we have a shortage of 14,000 units! This is the result of many years of depending on imported deliveries and stagnation in developing domestic railcar production.

[Grechanik] In recent years we have seen 24-car long-distance passenger trains on the railroads. What led to this and will their use be extended in the forthcoming summer?

[Shatayev] The throughput capacity of railroad routes has already been completely exhausted because of increased passenger service. It is expensive to build

additional lines. As an example, a third track from Moscow to Simferopol will cost over 1 billion rubles. But extending the station tracks and platforms for the 24-car trains was nearly 30 times cheaper, although the gain is the same.

Adding just one car to each train makes it possible to carry more than an additional 35 million passengers per year without cutting back on freight traffic and repair "windows."

This progressive undertaking has been supported by the Ministry of Railways collegium, and it has been developed. The tracks and platforms of principal stations on the routes from Moscow to the Crimea and Caucasus have been extended. More than forty 24-car trains will be running here this summer. It is planned to operate another 60 such consists from the capital in other directions. It is planned to put 240 of them into circulation in the system as a whole, which will make it possible to carry about 800,000 passengers more per day.

It is true that powerful high-speed locomotives are required for the extended trains, but they are not being turned out in our country, just as other passenger electric locomotives are not, by the way. Czechoslovakia is supplying us with them. It has a monopoly here and dictates its conditions. For example, last year the prices

for ChS7 and ChS8 electric locomotives were raised significantly once again. For this reason, the Gosplan has begun meeting our demands much worse than before.

[Grechanik] Several times as many passengers are carried in suburban service as in long-range service. It becomes more and more difficult to get on an electric train during the summer, not to mention sitting down...

[Shatayev] You are right. Roughly 400 million passengers per year are carried on long-distance trains, but about 4 billion passengers use the suburban trains.

What do we intend to do? Increase the number of extended electric trains and diesel trains. For example, the number of 12- and 14-car consists will be increased this summer around Moscow and other large cities. We will consider cancellation of trains and late trains to be unacceptable. We are seeking the opportunity to have them run faster and more often.

The shortage of rolling stock is a weak spot in implementing this program. Deliveries of it are not meeting half the demand. The electric trains needed to develop suburban service are turned out by the Riga Railcar Plant. But its renovation, aimed at increasing output, is being intolerably delayed.

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